



Borough of Tipton

**Financial Statements and
Supplementary Information**

December 31, 2021



Borough of Tipton

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December 31, 2021

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Independent Auditor's Report

To the Honorable Mayor and Members of Council
Borough of Tipton
Berks County, Pennsylvania

Opinion on Modified Cash Basis of Accounting

We have audited the general fund, special revenue funds, enterprise funds, and trust and agency fund presented in accordance with the reporting framework required by the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30 of the Borough of Tipton (the Borough), Berks County, Pennsylvania, which comprise the balance sheet - modified cash basis as of December 31, 2021, and the related statement of revenues and expenditures - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the balance sheet - modified cash basis of the Borough of Tipton, Berks County, Pennsylvania, as of December 31, 2021 and the respective statement of revenues and expenditures - modified cash basis for the year then ended in accordance with the basis of accounting described in Note 2.

Opinions on Reporting Framework Required by the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective balance sheet - modified cash basis of the Borough, as of December 31, 2021, and the respective statement of revenues and expenditures - modified cash basis for the year then ended in accordance with the reporting framework required by the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the reporting framework of the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30 utilizing the modified cash basis of accounting as described in Note 2, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, on pages 30 and 31, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 2.

Basis of Accounting and Presentation

We draw your attention to Note 2 of the financial statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than the accounting principles generally accepted in the United States of America. The accompanying financial statements are presented in accordance with the reporting framework required by the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

September 15, 2022
Wyomissing, Pennsylvania

BALANCE SHEET - MODIFIED CASH BASIS
 December 31, 2021

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
100-120 Cash and Investments	\$ 783,970	\$ 254,327	\$ -	\$ -
140-144 Tax Receivable	-	-	-	-
121-129				
145-149 Accounts Receivable (excluding taxes)	-	-	-	-
130 Due From Other Funds	11,695	-	-	-
131-139				
150-159 Other Current Assets	-	-	-	-
160-169 Fixed Assets	-	-	-	-
180-189 Other Debits	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 795,665	\$ 254,327	\$ -	\$ -

LIABILITIES AND OTHER CREDITS				
210-229 Payroll Taxes and Other Payroll Withholdings	\$ -	\$ -	\$ -	\$ -
200-209				
231-239 All Other Current Liabilities	-	-	-	-
230 Due To Other Funds	-	11,695	-	-
260-269 Long-Term Liabilities	-	-	-	-
240-259 Current Portion of Long-Term Debt and Other Credits	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS	\$ -	\$ 11,695	\$ -	\$ -

FUND AND ACCOUNT GROUP EQUITY				
281-284 Contributed Capital	\$ -	\$ -	\$ -	\$ -
290 Investment in General Fixed Assets	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31	795,665	242,632	-	-
291-299 Other Equity	-	-	-	-
TOTAL FUND AND ACCOUNT GROUP EQUITY	\$ 795,665	\$ 242,632	\$ -	\$ -

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Memorandum Only
ASSETS AND OTHER DEBITS						
100-120 Cash and Investments	\$ 466,096	\$ -	\$ 1,020	\$ -	\$ -	\$ 1,505,413
140-144 Tax Receivable	-	-	-	-	-	-
121-129						
145-149 Accounts Receivable (excluding taxes)	-	-	-	-	-	-
130 Due From Other Funds	-	-	-	-	-	11,695
131-139						
150-159 Other Current Assets	-	-	-	-	-	-
160-169 Fixed Assets	-	-	-	-	-	-
180-189 Other Debits	-	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 466,096	\$ -	\$ 1,020	\$ -	\$ -	\$ 1,517,108

LIABILITIES AND OTHER CREDITS						
210-229 Payroll Taxes and Other Payroll Withholdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
200-209						
231-239 All Other Current Liabilities	-	-	-	-	-	-
230 Due To Other Funds	-	-	-	-	-	11,695
260-269 Long-Term Liabilities	-	-	-	-	-	-
240-259 Current Portion of Long-Term Debt and Other Credits	-	-	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,695

FUND AND ACCOUNT GROUP EQUITY						
281-284 Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290 Investment in General Fixed Assets	-	-	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31	466,096	-	1,020	-	-	1,505,413
291-299 Other Equity	-	-	-	-	-	-
TOTAL FUND AND ACCOUNT GROUP EQUITY	\$ 466,096	\$ -	\$ 1,020	\$ -	\$ -	\$ 1,505,413

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY						\$ 1,517,108
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Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
TAXES					
301.00	Real Estate Taxes	\$ 505,986	\$ 87,807	\$ -	\$ -
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	3,571	-	-	-
310.10	Real Estate Transfer Taxes	38,614	-	-	-
310.20	Earned Income Taxes/Wage Taxes	273,686	-	-	-
310.30	Business Gross Receipts Taxes	-	-	-	-
310.40	Occupation Taxes (levied under Act 511)	-	-	-	-
310.50	Local Services Tax**	50,566	-	-	-
310.60	Amusement/Admission Taxes	-	-	-	-
310.70	Mechanical Device Taxes	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511 Taxes	-	-	-	-
TOTAL TAXES		\$ 872,423	\$ 87,807	\$ -	\$ -

LICENSES AND PERMITS					
320-322	All Other Licenses and Permits	\$ 25,868	\$ -	\$ -	\$ -
321.80	Cable Television Franchise Fees	21,269	-	-	-
TOTAL LICENSES AND PERMITS		\$ 47,137	\$ -	\$ -	\$ -

FINES AND FORFEITS					
330-332	Fines and Forfeits	\$ 4,056	\$ -	\$ -	\$ -
TOTAL FINES AND FORFEITS		\$ 4,056	\$ -	\$ -	\$ -

INTEREST, RENTS, AND ROYALTIES					
341.00	Interest Earnings	\$ 678	\$ 142	\$ -	\$ -
342.00	Rents and Royalties	2,481	-	-	-
TOTAL INTEREST, RENTS, AND ROYALTIES		\$ 3,159	\$ 142	\$ -	\$ -

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
TAXES				
301.00 Real Estate Taxes	\$ -	\$ -	\$ -	\$ 593,793
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	-	-	-	3,571
310.10 Real Estate Transfer Taxes	-	-	-	38,614
310.20 Earned Income Taxes/Wage Taxes	-	-	-	273,686
310.30 Business Gross Receipts Taxes	-	-	-	-
310.40 Occupation Taxes (levied under Act 511)	-	-	-	-
310.50 Local Services Tax**	-	-	-	50,566
310.60 Amusement/Admission Taxes	-	-	-	-
310.70 Mechanical Device Taxes	-	-	-	-
310.90 Other Local Tax Enabling Act/Act 511 Taxes	-	-	-	-
TOTAL TAXES	\$ -	\$ -	\$ -	\$ 960,230

LICENSES AND PERMITS				
320-322 All Other Licenses and Permits	\$ -	\$ -	\$ -	\$ 25,868
321.80 Cable Television Franchise Fees	-	-	-	21,269
TOTAL LICENSES AND PERMITS	\$ -	\$ -	\$ -	\$ 47,137

FINES AND FORFEITS				
330-332 Fines and Forfeits	\$ -	\$ -	\$ -	\$ 4,056
TOTAL FINES AND FORFEITS	\$ -	\$ -	\$ -	\$ 4,056

INTEREST, RENTS, AND ROYALTIES				
341.00 Interest Earnings	\$ 64	\$ -	\$ -	\$ 884
342.00 Rents and Royalties	-	-	-	2,481
TOTAL INTEREST, RENTS, AND ROYALTIES	\$ 64	\$ -	\$ -	\$ 3,365

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
FEDERAL					
351.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
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		\$ -	\$ -	\$ -	\$ -

STATE					
354.03	Highway and Streets	\$ -	\$ -	\$ -	\$ -
354.09	Community Development	383,281	-	-	-
354.15	Recycling/Act 101	9,494	-	-	-
354.00	All Other State Capital and Operating Grants	-	-	-	-
355.01	Public Utility Realty Tax (PURTA)	854	-	-	-
355.02-	Motor Vehicle Fuel Tax	-	-	-	-
355.03	(Liquid Fuels Tax) and State Road Turnback	-	65,551	-	-
355.04	Alcoholic Beverage Licenses	-	-	-	-
355.05	General Municipal Pension System State Aid	25,559	-	-	-
355.07	Foreign Fire Insurance Tax Distribution	9,592	-	-	-
355.08	Local Share Assessment/Gaming Proceeds	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution	-	-	-	-
355.00	All Other State Shared Revenues and Entitlements	-	-	-	-
356.00	State Payments in Lieu of Taxes	-	-	-	-
TOTAL STATE		\$ 428,780	\$ 65,551	\$ -	\$ -

LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
357.00	All Other Local Governmental Units Capital and Operating Grants	-	-	-	-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes	-	-	-	-
TOTAL GOVERNMENT UNITS		\$ -	\$ -	\$ -	\$ -

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
FEDERAL					
351.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
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		\$ -	\$ -	\$ -	\$ -
STATE					
354.03	Highway and Streets	\$ -	\$ -	\$ -	\$ -
354.09	Community Development	-	-	-	383,281
354.15	Recycling/Act 101	-	-	-	9,494
354.00	All Other State Capital and Operating Grants	-	-	-	-
355.01	Public Utility Realty Tax (PURTA)	-	-	-	854
355.02-	Motor Vehicle Fuel Tax	-	-	-	-
355.03	(Liquid Fuels Tax) and State Road Turnback	-	-	-	65,551
355.04	Alcoholic Beverage Licenses	-	-	-	-
355.05	General Municipal Pension System State Aid	-	-	-	25,559
355.07	Foreign Fire Insurance Tax Distribution	-	-	-	9,592
355.08	Local Share Assessment/Gaming Proceeds	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution	-	-	-	-
355.00	All Other State Shared Revenues and Entitlements	-	-	-	-
356.00	State Payments in Lieu of Taxes	-	-	-	-
TOTAL STATE		\$ -	\$ -	\$ -	\$ 494,331
LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets	\$ -	\$ -	\$ -	\$ -
357.00	All Other Local Governmental Units Capital and Operating Grants	-	-	-	-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes	-	-	-	-
TOTAL GOVERNMENT UNITS		\$ -	\$ -	\$ -	\$ -
TOTAL INTERGOVERNMENTAL REVENUES					\$ 494,331

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
CHARGES FOR SERVICE					
361.00	General Government	\$ 10,434	\$ -	\$ -	\$ -
362.00	Public Safety	-	-	-	-
363.20	Parking	-	-	-	-
363.00	All Other Charges for Highway and Streets Services	1,840	-	-	-
364.00	Wastewater/Sewage Charges	-	-	-	-
364.30	Solid Waste Collection and Disposal Charge (trash)	-	-	-	-
364.60	Host Municipality Benefit Fee for Solid Waste Facility	-	-	-	-
364.00	All Other Charges for Sanitation Services	-	-	-	-
365.00	Health	-	-	-	-
366.00	Human Services	-	-	-	-
367.00	Culture and Recreation	33,419	65,043	-	-
368.00	Airports	-	-	-	-
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		\$ 45,693	\$ 65,043	\$ -	\$ -
UNCLASSIFIED OPERATING REVENUES					
383.00	Assessments	\$ -	\$ -	\$ -	\$ -
386.00	Escheats (sale of personal property)	-	-	-	-
387.00	Contributions and Donations from Private Sectors	-	114	-	-
388.00	Fiduciary Fund Pension Contributions	-	-	-	-
389.00	All Other Unclassified Operating Revenues	23,263	285	-	-
TOTAL UNCLASSIFIED OPERATING REVENUES		\$ 23,263	\$ 399	\$ -	\$ -
OTHER FINANCING SOURCES					
391.00	Proceeds of General Fixed Asset Disposition	\$ 2,650	\$ -	\$ -	\$ -
392.00	Interfund Operating Transfers	38,331	-	-	-
393.00	Proceeds of General Long-Term Debt	2,221,350	-	-	-
394.00	Proceeds of Short-Term Debt	-	-	-	-
395.00	Refunds of Prior Year Expenditures	98,762	-	-	-
TOTAL OTHER FINANCING SOURCES		\$ 2,361,093	\$ -	\$ -	\$ -
TOTAL REVENUES		\$ 3,785,604	\$ 218,942	\$ -	\$ -

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
CHARGES FOR SERVICE				
361.00 General Government	\$ -	\$ -	\$ -	\$ 10,434
362.00 Public Safety	-	-	-	-
363.20 Parking	-	-	-	-
363.00 All Other Charges for Highway and Streets Services	-	-	-	1,840
364.00 Wastewater/Sewage Charges	691,631	-	-	691,631
364.30 Solid Waste Collection and Disposal Charge (trash)	-	-	-	-
364.60 Host Municipality Benefit Fee for Solid Waste Facility	-	-	-	-
364.00 All Other Charges for Sanitation Services	-	-	-	-
365.00 Health	-	-	-	-
366.00 Human Services	-	-	-	-
367.00 Culture and Recreation	-	-	-	98,462
368.00 Airports	-	-	-	-
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	304,453	-	-	304,453
379.00 All Other Charges for Service	-	-	-	-
TOTAL CHARGES FOR SERVICE	\$ 996,084	\$ -	\$ -	\$ 1,106,820

UNCLASSIFIED OPERATING REVENUES				
383.00 Assessments	\$ -	\$ -	\$ -	\$ -
386.00 Escheats (sale of personal property)	-	-	-	-
387.00 Contributions and Donations from Private Sectors	-	-	-	114
388.00 Fiduciary Fund Pension Contributions	-	-	-	-
389.00 All Other Unclassified Operating Revenues	9	-	-	23,557
TOTAL UNCLASSIFIED OPERATING REVENUES	\$ 9	\$ -	\$ -	\$ 23,671

OTHER FINANCING SOURCES				
391.00 Proceeds of General Fixed Asset Disposition	\$ -	\$ -	\$ -	\$ 2,650
392.00 Interfund Operating Transfers	-	-	-	38,331
393.00 Proceeds of General Long-Term Debt	650	-	-	2,222,000
394.00 Proceeds of Short-Term Debt	-	-	-	-
395.00 Refunds of Prior Year Expenditures	-	-	-	98,762
TOTAL OTHER FINANCING SOURCES	\$ 650	\$ -	\$ -	\$ 2,361,743

TOTAL REVENUES	\$ 996,807	\$ -	\$ -	\$ 5,001,353
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STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
GENERAL GOVERNMENT					
400.00	Legislative (Governing) Body	\$ 8,645	\$ -	\$ -	\$ -
401.00	Executive (Manager or Mayor)	75,265	-	-	-
402.00	Auditing Services/Financial Administration	15,350	-	-	-
403.00	Tax Collection	13,267	-	-	-
404.00	Solicitor/Legal Services	19,081	-	-	-
405.00	Secretary/Clerk	-	-	-	-
406.00	Other General Government Administration	40,910	-	-	-
407.00	IT-Networking Services - Data Processing	-	-	-	-
408.00	Engineering Services	171,640	-	-	-
409.00	General Government Buildings and Plant	11,953	138	-	-
TOTAL GENERAL GOVERNMENT		\$ 356,111	\$ 138	\$ -	\$ -

PUBLIC SAFETY					
410.00	Police	\$ 172,220	\$ -	\$ -	\$ -
411.00	Fire	14,933	44,844	-	-
412.00	Ambulance/Rescue	39,834	-	-	-
413.00	UCC and Code Enforcement	30,904	-	-	-
414.00	Planning and Zoning	500	-	-	-
415.00	Emergency Management and Communications	-	-	-	-
416.00	Militia and Armories	-	-	-	-
417.00	Examination of Licensed Occupations	-	-	-	-
418.00	Public Scales (weights and measures)	-	-	-	-
419.00	Other Public Safety	-	-	-	-
TOTAL PUBLIC SAFETY		\$ 258,391	\$ 44,844	\$ -	\$ -

HEALTH AND HUMAN SERVICES					
420.00-					
425.00	Health and Human Services	\$ -	\$ -	\$ -	\$ -

PUBLIC WORKS - SANITATION					
426.00	Recycling Collection and Disposal	\$ -	\$ -	\$ -	\$ -
427.00	Solid Waste Collection and Disposal (trash)	-	-	-	-
428.00	Weed Control	-	-	-	-
429.00	Wastewater/Sewage Collection and Treatment	-	202	-	-
TOTAL PUBLIC WORKS - SANITATION		\$ -	\$ 202	\$ -	\$ -

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
GENERAL GOVERNMENT				
400.00 Legislative (Governing) Body	\$ 1,000	\$ -	\$ -	\$ 9,645
401.00 Executive (Manager or Mayor)	166,875	-	-	242,140
402.00 Auditing Services/Financial Administration	-	-	-	15,350
403.00 Tax Collection	-	-	-	13,267
404.00 Solicitor/Legal Services	-	-	-	19,081
405.00 Secretary/Clerk	-	-	-	-
406.00 Other General Government Administration	5,548	-	-	46,458
407.00 IT-Networking Services - Data Processing	-	-	-	-
408.00 Engineering Services	11,223	-	-	182,863
409.00 General Government Buildings and Plant	3,971	-	-	16,062
TOTAL GENERAL GOVERNMENT	\$ 188,617	\$ -	\$ -	\$ 544,866

PUBLIC SAFETY				
410.00 Police	\$ -	\$ -	\$ -	\$ 172,220
411.00 Fire	-	-	-	59,777
412.00 Ambulance/Rescue	-	-	-	39,834
413.00 UCC and Code Enforcement	-	-	-	30,904
414.00 Planning and Zoning	1	-	-	501
415.00 Emergency Management and Communications	-	-	-	-
416.00 Militia and Armories	-	-	-	-
417.00 Examination of Licensed Occupations	-	-	-	-
418.00 Public Scales (weights and measures)	-	-	-	-
419.00 Other Public Safety	-	-	-	-
TOTAL PUBLIC SAFETY	\$ 1	\$ -	\$ -	\$ 303,236

HEALTH AND HUMAN SERVICES				
420.00-				
425.00 Health and Human Services	\$ -	\$ -	\$ -	\$ -

PUBLIC WORKS - SANITATION				
426.00 Recycling Collection and Disposal	\$ -	\$ -	\$ -	\$ -
427.00 Solid Waste Collection and Disposal (trash)	-	-	-	-
428.00 Weed Control	-	-	-	-
429.00 Wastewater/Sewage Collection and Treatment	365,491	-	-	365,693
TOTAL PUBLIC WORKS - SANITATION	\$ 365,491	\$ -	\$ -	\$ 365,693

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
PUBLIC WORKS - HIGHWAY AND STREETS				
430.00 General Services - Administration	\$ 439,889	\$ -	\$ -	\$ -
431.00 Cleaning of Streets and Gutters	-	-	-	-
432.00 Winter Maintenance - Snow Removal	-	8,978	-	-
433.00 Traffic Control Devices	3,447	-	-	-
434.00 Street Lighting	39,795	-	-	-
435.00 Sidewalks and Crosswalks	-	-	-	-
436.00 Storm Sewers and Drains	-	-	-	-
437.00 Repairs of Tools and Machinery	5,596	-	-	-
438.00 Maintenance and Repairs of Roads and Bridges	-	-	-	-
439.00 Highway Construction and Rebuilding Projects	13,790	-	-	-
TOTAL PUBLIC WORKS - HIGHWAY AND STREETS	\$ 502,517	\$ 8,978	\$ -	\$ -

PUBLIC WORKS - OTHER SERVICES				
440.00 Airports	\$ -	\$ -	\$ -	\$ -
441.00 Cemeteries	-	-	-	-
442.00 Electric System	-	-	-	-
443.00 Gas System	-	-	-	-
444.00 Markets	-	-	-	-
445.00 Parking	-	-	-	-
446.00 Storm Water and Flood Control	-	-	-	-
447.00 Transit System	-	-	-	-
448.00 Water System	3,990	-	-	-
449.00 Water Transport and Terminals	-	-	-	-
TOTAL PUBLIC WORKS - OTHER SERVICES	\$ 3,990	\$ -	\$ -	\$ -

CULTURE AND RECREATION				
451.00 Culture-Recreation Administration	\$ -	\$ -	\$ -	\$ -
452.00 Participant Recreation	29,646	72,071	-	-
453.00 Spectator Recreation	-	-	-	-
454.00 Parks	108,488	-	-	-
455.00 Shade Trees	-	-	-	-
456.00 Libraries	15,000	-	-	-
457.00 Civil and Military Celebrations	-	-	-	-
458.00 Senior Citizens' Centers	-	-	-	-
459.00 All Other Culture and Recreation	-	-	-	-
TOTAL CULTURE AND RECREATION	\$ 153,134	\$ 72,071	\$ -	\$ -

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
PUBLIC WORKS - HIGHWAY AND STREETS				
430.00 General Services - Administration	\$ 21,622	\$ -	\$ -	\$ 461,511
431.00 Cleaning of Streets and Gutters	-	-	-	-
432.00 Winter Maintenance - Snow Removal	-	-	-	8,978
433.00 Traffic Control Devices	-	-	-	3,447
434.00 Street Lighting	-	-	-	39,795
435.00 Sidewalks and Crosswalks	-	-	-	-
436.00 Storm Sewers and Drains	-	-	-	-
437.00 Repairs of Tools and Machinery	-	-	-	5,596
438.00 Maintenance and Repairs of Roads and Bridges	-	-	-	-
439.00 Highway Construction and Rebuilding Projects	-	-	-	13,790
TOTAL PUBLIC WORKS - HIGHWAY AND STREETS	\$ 21,622	\$ -	\$ -	\$ 533,117

PUBLIC WORKS - OTHER SERVICES				
440.00 Airports	\$ -	\$ -	\$ -	\$ -
441.00 Cemeteries	-	-	-	-
442.00 Electric System	-	-	-	-
443.00 Gas System	-	-	-	-
444.00 Markets	-	-	-	-
445.00 Parking	-	-	-	-
446.00 Storm Water and Flood Control	-	-	-	-
447.00 Transit System	-	-	-	-
448.00 Water System	211,665	-	-	215,655
449.00 Water Transport and Terminals	-	-	-	-
TOTAL PUBLIC WORKS - OTHER SERVICES	\$ 211,665	\$ -	\$ -	\$ 215,655

CULTURE AND RECREATION				
451.00 Culture-Recreation Administration	\$ -	\$ -	\$ -	\$ -
452.00 Participant Recreation	-	-	-	101,717
453.00 Spectator Recreation	-	-	-	-
454.00 Parks	-	-	-	108,488
455.00 Shade Trees	-	-	-	-
456.00 Libraries	-	-	-	15,000
457.00 Civil and Military Celebrations	-	-	-	-
458.00 Senior Citizens' Centers	-	-	-	-
459.00 All Other Culture and Recreation	-	-	-	-
TOTAL CULTURE AND RECREATION	\$ -	\$ -	\$ -	\$ 225,205

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
COMMUNITY DEVELOPMENT				
461.00 Conservation of Natural Resources	\$ -	\$ -	\$ -	\$ -
462.00 Community Development and Housing	-	-	-	-
463.00 Economic Development	-	-	-	-
464.00 Economic Opportunity	-	-	-	-
465.00-469.00 All Other Community Development	700	-	-	-
TOTAL COMMUNITY DEVELOPMENT	\$ 700	\$ -	\$ -	\$ -
DEBT SERVICE				
471.00 Debt Principal (short-term and long-term)	\$ 2,233,281	\$ -	\$ -	\$ -
472.00 Debt Interest (short-term and long-term)	47,730	-	-	-
475.00 Fiscal Agent Fees	40,651	-	-	-
TOTAL DEBT SERVICE	\$ 2,321,662	\$ -	\$ -	\$ -
EMPLOYER PAID BENEFITS AND WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation	\$ 8,831	\$ -	\$ -	\$ -
482.00 Judgments and Losses	-	-	-	-
483.00 Pension/Retirement Fund Contributions	6,671	-	-	-
484.00 Workers Compensation Insurance	3,220	-	-	-
487.00 Group Insurance and Other Benefits	-	-	-	-
TOTAL EMPLOYER PAID BENEFITS AND WITHHOLDING ITEMS	\$ 18,722	\$ -	\$ -	\$ -
INSURANCE				
486.00 Insurance, Casualty, and Surety	\$ 2,682	\$ -	\$ -	\$ -
UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid	\$ -	\$ -	\$ -	\$ -
489.00 All Other Unclassified Expenditures	-	284	-	-
TOTAL UNCLASSIFIED OPERATING EXPENDITURES	\$ -	\$ 284	\$ -	\$ -

2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
COMMUNITY DEVELOPMENT				
461.00 Conservation of Natural Resources	\$ -	\$ -	\$ -	\$ -
462.00 Community Development and Housing	-	-	-	-
463.00 Economic Development	-	-	-	-
464.00 Economic Opportunity	-	-	-	-
465.00-469.00 All Other Community Development	-	-	-	700
TOTAL COMMUNITY DEVELOPMENT	\$ -	\$ -	\$ -	\$ 700
DEBT SERVICE				
471.00 Debt Principal (short-term and long-term)	\$ 212,423	\$ -	\$ -	\$ 2,445,704
472.00 Debt Interest (short-term and long-term)	8,824	-	-	56,554
475.00 Fiscal Agent Fees	-	-	-	40,651
TOTAL DEBT SERVICE	\$ 221,247	\$ -	\$ -	\$ 2,542,909
EMPLOYER PAID BENEFITS AND WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation	\$ -	\$ -	\$ -	\$ 8,831
482.00 Judgments and Losses	-	-	-	-
483.00 Pension/Retirement Fund Contributions	-	-	-	6,671
484.00 Workers Compensation Insurance	-	-	-	3,220
487.00 Group Insurance and Other Benefits	-	-	-	-
TOTAL EMPLOYER PAID BENEFITS AND WITHHOLDING ITEMS	\$ -	\$ -	\$ -	\$ 18,722
INSURANCE				
486.00 Insurance, Casualty, and Surety	\$ 10,962	\$ -	\$ -	\$ 13,644
UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid	\$ -	\$ -	\$ -	\$ -
489.00 All Other Unclassified Expenditures	36	-	-	320
TOTAL UNCLASSIFIED OPERATING EXPENDITURES	\$ 36	\$ -	\$ -	\$ 320

STATEMENT OF REVENUES AND EXPENDITURES - MODIFIED CASH BASIS

December 31, 2021

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue <i>(Including State Liquid Fuels)</i>	Capital Projects	Debt Service
OTHER FINANCING USES					
491.00	Refund of Prior Year Revenues	\$ -	\$ -	\$ -	\$ -
492.00	Interfund Operating Transfers	-	38,331	-	-
493.00	All Other Financing Uses	-	-	-	-
TOTAL OTHER FINANCING USES		\$ -	\$ 38,331	\$ -	\$ -

TOTAL EXPENDITURES	\$ 3,617,909	\$ 164,848	\$ -	\$ -
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ 167,695	\$ 54,094	\$ -	\$ -
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2021 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise Fund	Internal Service	Trust and Agency	Memorandum Only
OTHER FINANCING USES				
491.00 Refund of Prior Year Revenues	\$ -	\$ -	\$ -	\$ -
492.00 Interfund Operating Transfers	-	-	-	38,331
493.00 All Other Financing Uses	-	-	-	-
TOTAL OTHER FINANCING USES	\$ -	\$ -	\$ -	\$ 38,331
TOTAL EXPENDITURES	\$ 1,019,641	\$ -	\$ -	\$ 4,802,398
EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ (22,834)	\$ -	\$ -	\$ 198,955

Borough of Topton

Notes to Financial Statements

December 31, 2021

Note 1 - Nature of Activity

The Borough of Topton (the Borough), Berks County, Pennsylvania, was incorporated in 1876 and has an approximate population of 2,100, based on a 2010 census report, living within an area of one square mile. The Borough is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

Note 2 - Summary of Significant Accounting Policies

The accompanying primary government financial statements conform to the modified cash basis method of accounting as applicable to governmental units and are presented in accordance with the Commonwealth of Pennsylvania Annual Audit and Financial Report Form DCED-CLGS-30. The following is a summary of the more significant accounting policies used by the Borough.

The Financial Reporting Entity

Primary Government

The Borough is a Pennsylvania Municipal Corporation which operates under a Council-Mayor form of government. The governing body is an elected seven-member Borough Council and elected Mayor. The Borough is managed by a Borough Manager appointed by the Borough Council. The Borough operates the general government activities of the community, including public safety, street and road maintenance, public water and sewer systems, culture and recreation, and various administrative functions.

Related Organization

Topton Borough Authority

The Topton Borough Authority (the Authority) is governed by a five-member Board appointed by the Borough Council. Although it is legally separate from the Borough, the Authority is a component unit and its primary purpose is to finance improvements to the Borough's sewer system, if needed. The Authority is inactive. The Authority is not included in the Borough's reporting entity as these financial statements only include the activities of the primary government.

Description of Fund Accounting and Funds

The accounts of the Borough are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 2 - Summary of Significant Accounting Policies (continued)

Description of Fund Accounting and Funds (continued)

The various funds of the Borough are grouped in the primary government financial statements in this report as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Borough are financed. The acquisition, use, and balances of the Borough's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Borough's governmental fund types:

General Fund - is the general operating fund of the Borough. It is used to account for all activities, except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes, or designated to finance particular functions or activities of the Borough.

Proprietary Fund Types

Proprietary funds are used to account for the Borough's ongoing activities, which are similar to those often found in the private sector and are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Type

Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the primary government financial statements.

Modified Cash Basis

The Borough's policy is to prepare its financial statements on a modified cash basis under which only revenues collected and expenditures paid, and intergovernmental due to and due from receivables and payables are recorded. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid, rather than when the related liability is incurred. Consequently, other receivables, other payables, inventories, long-lived assets, accrued income and expenses, and amortization and depreciation, and assets held in trust in the pension plan, which may be material in amount, are not reflected in the accompanying primary government financial statements, which are not intended to present the financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus within the limitations of the modified cash basis of accounting. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus within the limitations of the modified cash basis of accounting. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in equity.

Assets and Liabilities

Cash

The Borough considers all cash accounts, which are not subject to withdrawal restrictions or penalties, to be cash.

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Assets and Liabilities (continued)

Investments

The Borough is authorized by statutes to invest its funds as defined in the Borough Code. Authorized types of investments for governmental and proprietary funds include the following:

1. U.S. Treasury bills
2. Short-term obligations of the U.S. Government or its agencies or instrumentalities
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision
5. Bills of exchange or time drafts drawn on and accepted by a commercial bank not to exceed 180 days
6. Short-term, unsecured obligations of corporations or other business entities organized in accordance with federal or state law
7. Shares of mutual funds whose investments are restricted to the above categories

When making investments, the Council can combine monies from more than one fund under the Council's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Investments are recorded at fair value.

Due To and From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Purchased capital assets are recorded as expenditures in the governmental fund types. Proprietary fund type capital assets are recorded as expenditures in the fund in which it is utilized. Infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are recorded as expenditures in the fund types expending the funds.

Note 2 - Summary of Significant Accounting Policies (continued)

Equity

Fund Balances

It is the Borough's policy to first use reserved fund balance prior to the use of unreserved fund balance when an expenditure is incurred for purposes for which both reserved and unreserved fund balances are available.

Revenues and Expenditures

Revenues

All revenues are recognized when received.

Property Taxes

The Borough is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Borough for 2020 was 7.55 mills, consisting of 6.40 mills for general operations, and 1.15 mills for fire protection, as established by Borough Council. Current tax collections for the Borough were approximately 98% of the total tax levy.

The Borough's real estate taxes are based on assessed values established by the County of Berks Board of Assessments. The taxes are collected by an elected or appointed local tax collector. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County of Berks Tax Claim Bureau is made by January 15 of the subsequent year.

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies, and local governmental units generally to fund specific programs and are recognized when received.

Long-Term Debt

Debt proceeds from issuance of long-term debt are reported as other financing sources and debt service expenditures are recognized in the period paid.

Interfund Transactions

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Interfund Transactions (continued)

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Note 3 - Deposits

The Borough's available cash is invested in demand deposit accounts and savings accounts.

Custodial Credit Risk, Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Borough's deposits may not be returned to the Borough. The Pennsylvania Government Code and the Borough's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: Pennsylvania Act 72 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

At December 31, 2021, the carrying amount of the Borough's bank deposits was \$1,505,413, and the corresponding bank balances were \$1,519,838, of which \$500,000 was covered by Federal Depository Insurance. The remaining \$1,042,065 of deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Borough's name.

Note 4 - Long-Term Debt

Long-term debt consists of the following at December 31, 2021:

	Balance Outstanding December 31, 2020	Additions	Reductions	Balance Outstanding December 31, 2021	Amount Due Within One Year
General Obligation Note, Series of 2017, maximum draw down of \$2,425,000, due in monthly payments of \$22,474, including interest at a rate of 2.47% per annum to October 2023	\$ 1,309,324	\$ -	\$ (1,309,324)	\$ -	\$ -

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 4 - Long-Term Debt (continued)

	Balance Outstanding December 31, 2020	Additions	Reductions	Balance Outstanding December 31, 2021	Amount Due Within One Year
General Obligation Note, Series of 2019, maximum draw down of \$1,000,000, due in payments in accordance with agreed upon amortization schedule. The interest rate is 2.75% per annum to October 2029	\$ 912,000	\$ -	\$ (912,000)	\$ -	\$ -
General Obligation Note, Series of 2021, maximum draw down of \$2,222,000, due in varying quarterly payments, including interest at a rate of 1.19% per annum to June 2029	-	2,222,000	(195,000)	2,027,000	353,000
General Obligation Note, Series of 2020, maximum draw down of \$125,000, due in monthly payments of \$21,960, including interest at a rate of 4.00% per annum to January 2023	83,569	-	(20,274)	63,295	20,683
Loan Payable, in the amount of \$80,473, due in monthly payments of \$10,060, including interest at a rate of 2.35% per annum to December 2024	37,856	-	(9,106)	28,750	9,375
	<u>\$ 2,342,749</u>	<u>\$ 2,222,000</u>	<u>\$ (2,445,704)</u>	<u>\$ 2,119,045</u>	<u>\$ 383,058</u>

Aggregate maturities required on long-term debt at December 31, 2021 are as follows:

	Principal	Interest	Total Debt Service
2022	\$ 383,058	\$ 23,984	\$ 407,042
2023	388,698	19,113	407,811
2024	394,289	14,169	408,458
2025	367,000	9,157	376,157
2026	247,000	5,504	252,504
Thereafter	339,000	6,075	345,075
	<u>\$ 2,119,045</u>	<u>\$ 78,002</u>	<u>\$ 2,197,047</u>

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 4 - Long-Term Debt (continued)

The Notes are secured by a pledge of full faith, credit, and taxing power of the Borough. The Borough's debt agreement contains a covenant requiring the Borough to include in its annual budget the amount of the debt service that is due and payable for the year; the Borough shall appropriate from its general revenues, in each fiscal year, the amount required to pay debt service on the Note for such year; and shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenue or funds the principal amount of the Note and the interest due; thereon, at the dates and place and in the manner stated in the Note agreement.

The Notes also require the Borough to submit audited financial statements to the bank within 180 days from the close of the fiscal year.

At December 31, 2021, the Borough was in compliance with these covenants.

Note 5 - Interfund Transfers

Individual fund operating transfers for 2021 were as follows:

	Transfers In/From Other Funds	Transfers Out/To Other Funds
General Fund	\$ 38,331	\$ -
Special Revenue Funds		
Fire Tax Fund	-	38,331
Total All Funds	\$ 38,331	\$ 38,331

Note 6 - Borough of Tipton Nonuniformed Pension Plan

Plan Description

The Borough of Tipton Nonuniformed Pension Plan (the Plan) is a single-employer defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Borough of Tipton. The Plan provides pension benefits for retirement at the age of 60. The assets of the Plan are not included in the Borough's financial statements.

Benefits Provided

The basic annual benefit shall be equal to the member's final salary multiplied by all years of credited service and multiplied by the benefit accrual rate of 1.5%. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. The assets of the Plan are invested separately. The Plan's assets may be used only for the payment of benefits to the members of the plan in accordance with the terms of the Plan.

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 6 - Borough of Tipton Nonuniformed Pension Plan (continued)

Employees Covered by Benefit Terms

At December 31, 2019, the date of the most recent actuarial valuation, the following employees were covered by the plan:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	-
Active employees	<u>8</u>
	<u>13</u>

Contributions

Pennsylvania Act 205 requires that annual contributions to the Plan be based upon the Plan's Minimum Municipal Obligation, which is based on the Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are not required to contribute to the Plan. The Borough is required to contribute amounts necessary to fund the Plan using the actuarial basis specified by statute. During the year ended December 31, 2021, the Borough did not make a contribution to the Plan.

Note 7 - Commitments and Contingency

Commitments

The Borough has commitments to fund various projects and equipment acquisitions approximating \$1,665,000 at December 31, 2021. The commitments will be funded through grants and cash on hand.

Litigation

In the normal course of business, the Borough is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Note 8 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets, public support, and the geographical area in which the Borough operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Borough.

Borough of Tipton

Notes to Financial Statements

December 31, 2021

Note 8 - Risks and Uncertainties (continued)

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 9 - Subsequent Events

The Borough has evaluated subsequent events through September 15, 2022. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2021 were noted.

DEBT STATEMENT - MODIFIED CASH BASIS

Purpose	Bond (B) Note (N)	Issue Date (Year)	Maturity Date (Year)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year (Additions)	Principal Paid This Year	Current Year Accretion of Compound Interest Bonds	Outstanding Year-End (1)
GENERAL OBLIGATION BONDS AND NOTES									
General Obligation Note	N	2017	2027	\$ 2,425,000	\$ 1,309,375	\$ -	\$ 1,309,375	\$ -	\$ -
General Obligation Note	N	2019	2029	1,000,000	912,000	-	912,000	-	-
General Obligation Note	N	2020	2023	125,000	83,569	-	20,274	-	63,295
Truck Loan	N	2020	2024	80,473	37,856	-	9,106	-	28,750
General Obligation Note	N	2021		-	-	1,291,000	145,000	-	1,146,000
General Obligation Note	N	2021		-	-	931,000	50,000	-	881,000
				-	-	-	-	-	-
REVENUE BONDS AND NOTES									
None				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
LEASE RENTAL DEBT/GENERAL LEASES									
None				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
OTHER									
None				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-

Total bonds and notes outstanding	\$ 2,119,045
Capitalized lease obligations	-
Other debt	-
TOTAL OUTSTANDING DEBT	\$ 2,119,045

