

# **Borough of Avalon**

## **Primary Government Financial Statements (Modified Cash Basis) and Supplementary Information**

**Year Ended December 31, 2023  
with Independent Auditor's Report**

**MaherDuessel**

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# BOROUGH OF AVALON

YEAR ENDED DECEMBER 31, 2023

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## Independent Auditor's Report

**Members of Council  
Borough of Avalon**

### Report on the Audit of the Financial Statements

#### **Adverse and Unmodified Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Avalon (Borough), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### **Adverse Opinion on Discretely Presented Component Unit**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Borough as of December 31, 2023, or the changes in financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 2 of the Financial Statements.

#### **Unmodified Opinions on Governmental Activities, Each Major Fund, and the Aggregate Remaining Fund Information**

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough, as of December 31, 2023, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting as described in Note 2 of the Financial Statements.

#### **Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 adverse and unmodified audit opinions.

### **Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit**

The financial statements do not include financial data for the Borough's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the Borough's primary government unless the Borough also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Borough has not issued such reporting entity financial statements. The effects of not including the Borough's legally separate component unit on the discretely presented component opinion unit has not been determined.

### **Basis of Accounting**

We draw attention to Note 2 of the Financial Statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2 of the financial statements, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
March 18, 2024

# BOROUGH OF AVALON

## STATEMENT OF NET POSITION (MODIFIED CASH BASIS)

DECEMBER 31, 2023

<b>Assets</b>	
Cash and cash equivalents	\$ 3,373,342
<b>Total Assets</b>	<b>3,373,342</b>
<b>Liabilities</b>	
Payroll liabilities	1,620
Escrow liabilities	13,944
Other liabilities	2,896
<b>Total Liabilities</b>	<b>18,460</b>
<b>Net Position</b>	
Restricted:	
Highway and streets	25,360
Government services	16,348
Unrestricted	3,313,174
<b>Total Net Position</b>	<b>\$ 3,354,882</b>

See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 719,216	\$ 6,201	\$ 37,505	\$ -	\$ (675,510)
Public safety	1,437,400	236,168	266,845	10,425	(923,962)
Public works - sanitation	1,680,381	1,411,051	-	-	(269,330)
Public works - highway and streets	834,741	22,017	122,869	-	(689,855)
Culture and recreation	439,505	61,250	-	-	(378,255)
Community development	205,803	-	-	-	(205,803)
Debt service	711,126	-	-	-	(711,126)
Total governmental activities	<u>\$ 6,028,172</u>	<u>\$ 1,736,687</u>	<u>\$ 427,219</u>	<u>\$ 10,425</u>	<u>(3,853,841)</u>
General receipts:					
Taxes:					
Real estate					1,853,952
Earned income					723,712
Real estate transfer					74,226
Local services tax					41,258
Sales taxes					305,976
Investment and rental income					104,046
Proceeds from sale of assets					22,195
Miscellaneous					12,042
Proceeds from debt					300,000
Refund of prior years' disbursements (receipts), net					46,015
Total general receipts					<u>3,483,422</u>
<b>Change in Net Position</b>					<b>(370,419)</b>
<b>Net Position:</b>					
Beginning of year					3,725,301
End of year					<u>\$ 3,354,882</u>

See accompanying notes to primary government financial statements (modified cash basis).



# BOROUGH OF AVALON

## BALANCE SHEET (MODIFIED CASH BASIS)

### GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General Fund	Sewer Surcharge Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,252,656	\$ 974,989	\$ 145,697	\$ 3,373,342
Due from other funds	1,111	-	-	1,111
<b>Total Assets</b>	<b>\$ 2,253,767</b>	<b>\$ 974,989</b>	<b>\$ 145,697</b>	<b>\$ 3,374,453</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Payroll liabilities	\$ 1,620	\$ -	\$ -	\$ 1,620
Escrow liabilities	13,944	-	-	13,944
Other liabilities	513	2,383	-	2,896
Due to other funds	-	1,111	-	1,111
Total Liabilities	16,077	3,494	-	19,571
<b>Fund Balance:</b>				
<b>Restricted:</b>				
Highways and streets	-	-	25,360	25,360
Government services	-	-	16,348	16,348
<b>Assigned:</b>				
Health and sanitation	-	-	49,188	49,188
Sewer capital costs	-	971,495	-	971,495
Debt service	-	-	54,801	54,801
Unassigned	2,237,690	-	-	2,237,690
Total Fund Balance	2,237,690	971,495	145,697	3,354,882
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,253,767</b>	<b>\$ 974,989</b>	<b>\$ 145,697</b>	<b>\$ 3,374,453</b>

See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE (MODIFIED CASH BASIS)

### GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2023

	General Fund	Sewer Surcharge Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>				
Taxes	\$ 2,999,124	\$ -	\$ -	\$ 2,999,124
Licenses, permits, and fees	86,578	-	-	86,578
Fines, forfeitures, and penalties	61,833	-	-	61,833
Investment and rental income	69,780	32,971	1,295	104,046
Intergovernmental	154,350	-	282,869	437,219
Charges for services	177,225	1,409,331	1,720	1,588,276
Contributions	425	-	-	425
Miscellaneous	11,902	-	140	12,042
Total cash receipts	3,561,217	1,442,302	286,024	5,289,543
<b>Cash Disbursements:</b>				
Current:				
General government	573,006	20,076	-	593,082
Public safety	1,437,400	-	-	1,437,400
Public works - sanitation	-	1,541,612	138,769	1,680,381
Public works - highway and streets	793,695	41,046	-	834,741
Culture and recreation	439,505	-	-	439,505
Community development	205,803	-	-	205,803
Miscellaneous	126,134	-	-	126,134
Debt service:				
Principal	491,434	71,510	58,000	620,944
Interest	67,024	14,407	8,751	90,182
Total cash disbursements	4,134,001	1,688,651	205,520	6,028,172
<b>Excess (Deficiency) of Cash Receipts over Cash Disbursements</b>	(572,784)	(246,349)	80,504	(738,629)
<b>Other Financing Sources (Uses):</b>				
Proceeds from tax anticipation note	300,000	-	-	300,000
Proceeds from sale of assets	22,195	-	-	22,195
Transfers in	121,779	-	56,918	178,697
Transfers out	(56,918)	-	(121,779)	(178,697)
Refund of prior years disbursements	57,228	-	-	57,228
Refund of prior years receipts	(11,213)	-	-	(11,213)
Total other financing sources (uses)	433,071	-	(64,861)	368,210
<b>Excess (Deficiency) of Cash Receipts and Other Financing Sources over (under) Cash Disbursements and Other Financing Uses</b>	(139,713)	(246,349)	15,643	(370,419)
<b>Fund Balance:</b>				
Beginning of year	2,377,403	1,217,844	130,054	3,725,301
End of year	\$ 2,237,690	\$ 971,495	\$ 145,697	\$ 3,354,882

See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)

### GENERAL FUND

YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Cash Receipts:</b>				
Taxes:				
Real estate	\$ 1,800,000	\$ 1,800,000	\$ 1,853,952	\$ 53,952
Earned income	585,000	585,000	723,712	138,712
Real estate transfer	70,000	70,000	74,226	4,226
Local services tax	40,000	40,000	41,258	1,258
Sales	210,000	210,000	305,976	95,976
Licenses, permits, and fees	105,200	105,200	86,578	(18,622)
Fines, forfeitures, and penalties	65,500	65,500	61,833	(3,667)
Investment and rental income	24,000	24,000	69,780	45,780
Intergovernmental	124,123	124,123	154,350	30,227
Charges for services	162,000	162,000	177,225	15,225
Contributions	600	600	425	(175)
Miscellaneous	-	-	11,902	11,902
Total cash receipts	<u>3,186,423</u>	<u>3,186,423</u>	<u>3,561,217</u>	<u>374,794</u>
<b>Cash Disbursements:</b>				
Current:				
General government	577,588	577,588	573,006	4,582
Public safety	1,294,051	1,294,051	1,437,400	(143,349)
Public works - highway and streets	777,055	777,055	793,695	(16,640)
Culture and recreation	260,002	260,002	439,505	(179,503)
Community development	8,500	8,500	205,803	(197,303)
Miscellaneous	128,660	128,660	126,134	2,526
Debt service:				
Principal	191,435	191,435	491,434	(299,999)
Interest	63,803	63,803	67,024	(3,221)
Total cash disbursements	<u>3,301,094</u>	<u>3,301,094</u>	<u>4,134,001</u>	<u>(832,907)</u>
<b>Excess (Deficiency) of Cash</b>				
<b>Receipts over Cash Disbursements</b>	<u>(114,671)</u>	<u>(114,671)</u>	<u>(572,784)</u>	<u>(458,113)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from tax anticipation note	-	-	300,000	300,000
Proceeds from sale of assets	-	-	22,195	22,195
Transfers in	202,827	202,827	121,779	(81,048)
Transfers out	(95,006)	(95,006)	(56,918)	38,088
Refund of prior years disbursements	11,000	11,000	57,228	46,228
Refund of prior years receipts	(8,650)	(8,650)	(11,213)	(2,563)
Total other financing sources (uses)	<u>110,171</u>	<u>110,171</u>	<u>433,071</u>	<u>322,900</u>
<b>Excess (Deficiency) of Cash Receipts and Other Financing Sources over (under) Cash Disbursements and Other Financing Uses</b>				
	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>	<u>(139,713)</u>	<u>\$ (135,213)</u>
<b>Fund Balance:</b>				
Beginning of year			<u>2,377,403</u>	
End of year			<u>\$ 2,237,690</u>	

See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## STATEMENT OF FIDUCIARY NET POSITION (MODIFIED CASH BASIS)

### FIDUCIARY FUNDS

DECEMBER 31, 2023

<b>Assets</b>	<b>Pension Trust Funds</b>
Cash and cash equivalents	\$ 159,300
Investments:	
Equity securities	2,293,853
Mutual funds	1,855,580
<b>Total Assets</b>	<b>4,308,733</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 4,308,733</b>

See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (MODIFIED CASH BASIS)

### FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

#### **Additions:**

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Contributions:

Employee	\$ 27,134
Employer, including state aid	120,379
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Total contributions	147,513
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Investment income:

Net appreciation (depreciation) in fair value of investments	450,171
Interest and dividends	131,011
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Total investment income (loss)	581,182
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Less investment expense	(27,204)
	<hr/>
Net investment income (loss)	553,978
	<hr/>
Total additions	701,491
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#### **Deductions:**

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Benefits	256,607
Administrative expense	5,445
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Total deductions	262,052
	<hr/>

#### **Change in Plan Net Position**

439,439

#### **Net Position:**

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Beginning of year	3,869,294
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End of year	\$ 4,308,733
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See accompanying notes to primary government financial statements (modified cash basis).

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### 1. The Reporting Entity

The Borough of Avalon (Borough) located in Allegheny County, Pennsylvania was established in 1875. The Borough is governed by a mayor and a nine-member Council and provides services to residents, including general government, public safety, highway maintenance, health, and welfare.

The primary government financial statements (financial statements) include only the financial activity of the Borough and do not include the Avalon Public Library (Library), which is considered a component unit in accordance with accounting principles generally accepted in the United States of America applied to governmental entities. The Borough is considered to be financially accountable for the Library because the Council appoints the Library's governing Board, the Library facility is owned by the Borough, and the Library is primarily funded through annual subsidies from the Borough, public donations, and the Commonwealth of Pennsylvania. Separate financial statements for the Library are available from its office.

### 2. Summary of Significant Accounting Policies

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (modified cash basis) and the statement of activities (modified cash basis)) report information on all of the non-fiduciary activities of the Borough.

The statement of activities (modified cash basis) demonstrates the degree to which the direct expenses of a given function or segment is offset by program receipts. Direct expenses are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

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# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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individual governmental funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, receipts are generally recognized when cash is received and expenditures are generally recognized when cash is disbursed. Short term borrowings are recognized as a liability when due. Assets and liabilities arising from payroll withholdings are reported on the balance sheet, and amounts held in escrow are also tracked through liability accounts.

The Borough reports the following major governmental funds:

*The General Fund* is the principal operating fund of the Borough, which is used to account for all financial transactions except those accounted for in other funds.

*The Sewer Surcharge Fund*, a special revenue fund, is used to account for financial resources to be used for the improvement of sanitary sewer lines and charges to pay for normal sewer usage.

The Borough reports the following other nonmajor governmental funds:

*The Highway Aid Fund* accounts for state aid revenues (liquid fuels tax) used for street lighting and building and improving roads and bridges.

*The Health and Sanitation Fund* accounts for the financial activities related to the collection of solid waste disposal fees from Borough residents.

*The American Rescue Plan Act* fund accounts for the federal revenues received in response to coronavirus relief and the related expenditures.

*The Fire Truck Fund* accounts for the accumulation of resources that are assigned for the payment of principal and interest on long-term debt related to the purchase of a fire truck.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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

*Pension Trust Funds* are used to account for assets held by the Borough in a trustee capacity for its employees. These include the Police Pension Fund and the General Employees' Pension Fund.

### Budgets and Budgetary Accounting

Budgetary information in the accompanying financial statements has been reclassified to conform to the financial statement presentation. The Borough follows these procedures in establishing this budgetary data:

- a. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget is adopted annually on the modified cash basis.
- b. In accordance with the Borough Code, beginning at least 30 days prior to the adoption of the budget, which shall not be later than December 31, a proposed budget for the ensuing year shall be prepared. The proposed budget shall be kept on file with the Borough secretary and made available for public inspection for a period of ten days. Notice that the proposed budget is available for inspection is published in a newspaper of general circulation. After expiration of the ten days, the Council makes such revisions in the budget as deemed advisable and shall adopt the budget by motion.
- c. Transfers of budget amounts are authorized between departments within any fund. However, any revisions that alter the total appropriations of any fund must be approved by the Council.
- d. Unused appropriations for annually budgeted funds lapse at the end of the year.
- e. The budget amounts shown in the financial statements are the original and final amounts for the year ended December 31, 2023.



# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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Annual appropriated budgets are not adopted for all funds reported in these financial statements. For the year ended December 31, 2023, cash disbursements in the General Fund exceeded appropriations in public safety, public works, culture and recreation, community development, and debt service principal. These overages were funded by excess revenues, transfers in from other funds, debt proceeds, and, to the extent available, fund balance.

### Cash and Cash Equivalents

For purposes of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

### Fair Value Measurements

The Borough categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### Long Term Debt

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as cash disbursements.

### Net Position

The Borough classifies net position into two components - restricted and unrestricted. These classifications are defined as follows:

- Restricted - This component of net position consists of constraints placed on net position use through external restrictions.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted."

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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The Borough applies restricted resources first, when available, before using unrestricted resources, to pay expenditures that can be paid from either source.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels that are applicable to the Borough are as follows:

- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.
- Assigned – This category represents intentions of the Council to use the funds for specific purposes. The Council has delegated the authority to assign amounts to be used for specific purposes to the Borough Manager or his/her designee. This category includes amounts set aside for health and sanitation, sewer capital costs, and debt service.
- Unassigned – This category includes the residual classification for the Borough's General Fund and includes all spendable amounts not contained in other classifications.

The Borough has not established a policy for its use of unrestricted fund balance amounts; therefore, restricted amounts should be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in those classifications are available to be used.

### Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were adopted for the year ended December 31, 2023: Statement Nos. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the Organization's financial statements for the year ended December 31, 2023.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.

### **3. Deposits and Investments**

Pennsylvania statutes limit investment of governmental funds into certain authorized investment types including: U.S. Treasury Bills, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes. The deposit and investment policy of the Borough adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or invested with the Pennsylvania Local Government Investment Trust (PLGIT). There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

The following is a description of the Borough's deposit risks:

*Custodial Credit Risk* – For a deposit, custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a formal deposit policy for custodial credit risk.

As of December 31, 2023, \$250,000 of the Borough's \$2,404,137 bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$2,367,879 as of December 31, 2023.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### Cash Equivalent Investments

The fair value of the Borough's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania.

The Borough can withdraw funds from the external investment pools. However, there are certain limitations placed on these withdrawals. For PLGIT-Class accounts, there is a one-day holding period. For PLGIT/PRIME accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month. For PLGIT/Term accounts, there is a minimum investment period of sixty days and a premature withdrawal penalty. PLGIT is audited annually by independent auditors. PLGIT uses amortized cost to report net assets to compute share prices. It is PLGIT's policy to maintain a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2023, the entire PLGIT book balance of \$1,005,463 (bank balance of \$1,005,463) is considered to be a cash equivalent for presentation on the statement of net position and governmental funds balance sheet.

The following is a description of the Borough's investment risks as related to governmental activities:

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Borough has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2023, investments in PLGIT have received an AAA rating from Standard & Poor's.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Borough does not have a formal investment policy for custodial credit risk. The Borough's investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

### Pension Trust Funds

The Pension Trust Funds are used to account for assets held by the Borough in a trustee capacity for future payment of retirement benefits to employees or former employees. The Pension Trust Funds' investments are held separately from those of other Borough funds. Assets in the Pension Trust Funds are stated at fair value. The Pension Trust Funds have no investment policy.

The Pension Trust Funds are invested in various types of financial instruments. This diversification of the investment portfolio serves to assist in mitigating the various types of risks associated with different types of financial instruments. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near term and that such a change could materially affect the amount reported on the statement of fiduciary net position (modified cash basis). As of December 31, 2023, the Borough had the following investments in its Pension Trust Funds:

	Fair Value	Maturity in Years		
		Less than 1 year	1-5 years	More than 5 years
Mutual funds - fixed income	\$ 1,855,580	\$ -	\$ -	\$ 1,855,580
Cash and cash equivalents - money market	159,300			
Equity securities	2,293,853			
Total cash equivalents and equity securities	2,453,153			
Total investments reported on statement of fiduciary net position (modified cash basis)	\$ 4,308,733			

Mutual funds and equity securities are valued using quoted market prices (Level 1 inputs).

Pension Trust Funds' investment in money markets and mutual funds are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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The following is a description of the Pension Trust Funds' deposit and investment risks:

*Credit Risk* – For investments, the risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations.

*Custodial Credit Risk* – For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Pension Trust Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The Pension Trust Funds do not have a formal investment policy for custodial credit risk.

*Concentration of Credit Risk* – The Borough places no limit on the amount the Pension Trust Funds may invest in any one issuer. The Pension Trust Funds have no investments of greater than 5% with one issuer.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Pension Trust Funds. The Pension Trust Funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### 4. Pension Plans

##### Plan Descriptions

The Borough administers two single-employer defined benefit pension plans covering substantially all full-time employees: Police Pension and Welfare Plan (Police Plan) and Employees' Pension and Welfare Plan (General Employees' Plan). Both plans provide retirement benefits and special provisions for death benefits to plan members.

Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth of Pennsylvania (Act). Employee contributions have been eliminated subject to the plans meeting certain financial conditions. The plans do not issue separate reports.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### Summary of Significant Accounting Policies

Financial information of the Borough's plans is presented on the modified cash basis of accounting. Employer contributions to each plan are recognized the earlier of when cash is received by the plan or the Borough. Benefits and refunds are recognized when cash is disbursed.

Investments of the plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

### Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining. The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO, which exceeds the Commonwealth of Pennsylvania allocation must be funded by the Borough (and could include employee contributions). The 2023 MMO was based on the January 1, 2021 actuarial valuation.

In 2023, the police contribution rate was 5%. Municipal employees were not required to contribute to their plan.

The Borough contributed the MMO for both the Police and General Employees' Plans, in the amount of \$93,182 and \$27,197, respectively.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

The Borough's funded status and related information for each Plan as of the latest actuarial valuation date, January 1, 2023, is as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
General Employees' Plan	\$ 765,446	\$ 591,731	\$ 173,715	129.36%	\$ 420,532	41.31%
Police Plan	\$ 3,689,265	\$ 3,435,970	\$ 253,295	107.37%	\$ 581,201	43.58%

### Actuarial Assumptions

The actuarially accrued liability for both Plans was determined by an actuarial valuation performed on January 1, 2023 using the following actuarial assumptions, applied to all periods in the measurement:

	Police Plan	General Employees Plan
	Entry Age Normal	Entry Age Normal
Actuarial cost method		
Actuarial assumptions:		
Investment rate of return	6.75%	6.75%
Projected salary increases	4.75%	4.50%
Underlying inflation rate	2.75%	2.75%

Police Plan: 2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010)

General Employees Plan: 2010 Public Retirement Plan - General Employees mortality tables (PubG-2010)

*Changes in Actuarial Assumptions* – The following actuarial assumptions were changed since the January 1, 2021 actuarial valuation. For the Police Plan, The Consumer Price Index / inflation assumption affects the AVR directly, through the valuation of future automatic cost-of-living adjustments, and indirectly as part of the interest rate and salary increase assumptions. The inflation assumption was increased from 2.50% to 2.75% per year. This assumption change increased the Actuarial Accrued Liability in this AVR by 11,296. For the General Employees Plan, the inflation assumption was also increased from 2.50% to 2.75% per year.

*Changes in Benefits* – For the Police Plan and General Employees Plan, there were no benefit changes reported since the January 1, 2021 actuarial valuation.



# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### Deferred Compensation Plan

Employees of the Borough may participate in a deferred compensation plan (plan) adopted under the provisions of Internal Revenue Code Section 457 (Deferred compensation plans with respect to service for State and Local Governments), which is considered a defined contribution pension plan. As part of its fiduciary role, the Borough has an obligation of due care in selecting the third-party administrator. The plan is available to all full-time employees of the Borough. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The Council has agreed to match on a per-dollar basis, the employee's contribution to the plan, with a cap of \$120 per month. During 2023, the employer and employee contributions were approximately \$10,380 and \$33,584, respectively.

### **5. Real Estate Taxes**

Real estate taxes based on assessed valuations provided by Allegheny County (County) are levied on April 1 of the taxable year. Real estate taxes are billed and collected by an elected tax collector. Taxes paid by May 31 are given a 2% discount. Amounts paid after August 31 are assessed a 10% penalty.

Under the Borough Code, the Borough is permitted to levy real estate taxes up to 30 mills for general purposes. In addition, additional taxes may be levied for certain specified purposes. Borough real estate taxes were levied at the rate of 9.83 mills for general purposes during 2023.

### **6. Long-Term Debt**

The 2008 Pennvest Guaranteed Revenue Note was issued in the amount of \$1,350,000. Principal and interest payments are due monthly beginning in September 2009, and final payment is due in 2029. Interest is calculated at the rate of 2.109% per annum for the first five years, and 2.965% per annum for the years thereafter. This debt was incurred to finance infrastructure improvements and will be repaid from the Sewer Surcharge Fund. The Note is secured by a pledge of all of the gross revenue and receipts generated from or by the Borough. Upon the occurrence of any event of default, the entire unpaid principal sum plus all interest accrued become due and payable immediately.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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The 2020 General Obligation Note was issued in the amount of \$3,235,000 to refund the Borough's 2013 General Obligation Bonds and the 2016 Republic First National Loan. This debt was originally issued to finance the purchase of a fire truck and pumper, for the use of the Avalon Volunteer Fire Company (Company). The Company committed to pay the Borough \$150,000 over a five-year period to assist with the debt service payments. The Company has paid off their portion as of 2021. The 2020 General Obligation Note has a fixed interest rate of 2.544% and matures on June 1, 2036. The Note is a general obligation of the Borough, for which it pledges its full faith, credit, and taxing power. Upon the occurrence of any event of default, then any registered owner of the obligation may bring suit in the Court of Common Pleas of Allegheny County and request the court issue a writ of mandamus directing the Borough to pay into the appropriate Sinking Fund the first tax moneys or other available revenues thereafter received in such fiscal year by the Borough until the sum shall equal the moneys that should have been budgeted or appropriated for such Note.

The 2020 Street Sweeper Note was issued in the amount of \$167,144 to finance the purchase of a street sweeper. Principal and interest are due monthly beginning April 2020, and the final payment is due in 2025. Interest is calculated at the rate of 2.40%. Upon the occurrence of any event of default, the lessor may take one or any of the following remedial steps: declare the entire unpaid principal sum plus all interest accrued to become due and payable immediately, retake possession of the collateralized asset(s), and/or take legal action.

### Financed Purchase

The Borough has entered into an agreement for financing the purchase of a backhoe loader in the amount of \$102,975. Principal and interest are due annually beginning August 2020, and the final payment is due in 2027. Interest is calculated at the rate of 2.95%. Upon the occurrence of any event of default, the lessor may, to the extent permitted by applicable law, recover the principal balance as of the date of default, take possession of the equipment, require the Borough to sell the equipment and apply any net proceeds to the lease obligation, and/or exercise any other remedy available at law.

### Tax Anticipation Note

During 2023, the Borough obtained a tax anticipation note in the amount of \$300,000. Note proceeds were used for general operating expenses of the government in anticipation of

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# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

current year tax revenues. The tax anticipation note was paid in full as of December 31, 2023.

Annual debt service requirements are as follows:

Years	Governmental Activities		Total
	Direct Borrowings		
	Principal	Interest	
2024	\$ 329,270	\$ 74,381	\$ 403,651
2025	311,822	65,780	377,602
2026	311,615	57,555	369,170
2027	320,338	49,135	369,473
2028	315,923	40,481	356,404
2029-2033	951,876	117,383	1,069,259
2034-2037	461,000	14,462	475,462
	\$ 3,001,844	\$ 419,177	\$ 3,421,021

As of December 31, 2023, long-term debt consists of the following:

	Balance as of January 1, 2023	New Debt/ Additions	Repayment	Balance as of December 31, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Direct Borrowings:					
Pennvest Revenue Note	\$ 518,500	\$ -	\$ (71,510)	\$ 446,990	\$ 73,660
Street Sweeper Loan	77,738	-	(34,027)	43,711	34,862
Backhoe Lease	60,550	-	(11,407)	49,143	11,748
G.O. Note 2020	2,666,000	-	(204,000)	2,462,000	209,000
Total Direct Borrowings	3,322,788	-	(320,944)	3,001,844	329,270
Total Long-Term Debt	\$ 3,322,788	\$ -	\$ (320,944)	\$ 3,001,844	\$ 329,270

## 7. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Borough

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

For its worker's compensation insurance coverage, the Borough participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of 239 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharge the liabilities arising under the Workers' Compensation Act and Occupational Disease Act of each and every participant of the Trust. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust.

### **8. Commitments and Contingencies**

Various claims and lawsuits are pending against the Borough. The ultimate outcome of these claims and lawsuits cannot presently be determined and, accordingly, no provision for amounts arising from settlements has been made in these financial statements. In the opinion of management, the effect on the financial statements of potential losses on any claim and/or lawsuit should not be material.

# BOROUGH OF AVALON

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

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### 9. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers are summarized below:

	<u>Transfer in</u>	<u>Transfers Out</u>	<u>Due To</u>	<u>Due From</u>
Governmental Funds:				
General	\$ 121,779	\$ 56,918	\$ 1,111	\$ -
Highway Aid	-	121,586	-	-
Fire Truck	56,918	-	-	-
ARPA	-	193	-	-
Sewer Surcharge	-	-	-	1,111
	<u>\$ 178,697</u>	<u>\$ 178,697</u>	<u>\$ 1,111</u>	<u>\$ 1,111</u>

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Transactions between funds which are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected within the next fiscal year, the transactions are accounted for through the various due from and due to accounts.

During 2023, the Borough transferred \$121,586 from the Highway Aid Fund to the General Fund and used those funds for street lighting, traffic control devices, salt, asphalt, and tool and machinery repairs. In addition, the Borough transferred \$193 from the ARPA Fund to the General Fund for reimbursement of police services.

The Borough transferred \$56,918 from the General Fund to the Fire Truck Fund for debt service payments.

## **SUPPLEMENTARY INFORMATION**

# BOROUGH OF AVALON

## COMBINING BALANCE SHEET (MODIFIED CASH BASIS)

### NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Highway Aid Fund	Health and Sanitation Fund	American Rescue Plan Act Fund	Fire Truck Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 25,360	\$ 49,188	\$ 16,348	\$ 54,801	\$ 145,697
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 25,360</b>	<b>\$ 49,188</b>	<b>\$ 16,348</b>	<b>\$ 54,801</b>	<b>\$ 145,697</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>					
<b>Restricted:</b>					
Highways and streets	25,360	-	-	-	25,360
Government services	-	-	16,348	-	16,348
<b>Assigned:</b>					
Health and sanitation	-	49,188	-	-	49,188
Debt service	-	-	-	54,801	54,801
<b>Total Fund Balance</b>	<b>25,360</b>	<b>49,188</b>	<b>16,348</b>	<b>54,801</b>	<b>145,697</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 25,360</b>	<b>\$ 49,188</b>	<b>\$ 16,348</b>	<b>\$ 54,801</b>	<b>\$ 145,697</b>

## BOROUGH OF AVALON

### COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE (MODIFIED CASH BASIS)

#### NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Highway Aid Fund	Health and Sanitation Fund	American Rescue Plan Act Fund	Fire Truck Fund	
<b>Cash Receipts:</b>					
Investment and rental income	\$ 12	\$ 310	\$ 645	\$ 328	\$ 1,295
Intergovernmental	122,869	-	150,000	10,000	282,869
Charges for services	-	1,720	-	-	1,720
Miscellaneous	-	140	-	-	140
<b>Total cash receipts</b>	<b>122,881</b>	<b>2,170</b>	<b>150,645</b>	<b>10,328</b>	<b>286,024</b>
<b>Cash Disbursements:</b>					
Current:					
Public works - sanitation	-	4,473	134,296	-	138,769
Debt service:					
Principal	-	-	-	58,000	58,000
Interest	-	-	-	8,751	8,751
<b>Total cash disbursements</b>	<b>-</b>	<b>4,473</b>	<b>134,296</b>	<b>66,751</b>	<b>205,520</b>
<b>Excess (Deficiency) of Cash Receipts over Cash Disbursements</b>	<b>122,881</b>	<b>(2,303)</b>	<b>16,349</b>	<b>(56,423)</b>	<b>80,504</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	56,918	56,918
Transfers out	(121,586)	-	(193)	-	(121,779)
<b>Total other financing sources (uses)</b>	<b>(121,586)</b>	<b>-</b>	<b>(193)</b>	<b>56,918</b>	<b>(64,861)</b>
<b>Excess (Deficiency) of Cash Receipts and Other Financing Sources over (under) Cash Disbursements and Other Financing Uses</b>	<b>1,295</b>	<b>(2,303)</b>	<b>16,156</b>	<b>495</b>	<b>15,643</b>
<b>Fund Balance:</b>					
Beginning of year	24,065	51,491	192	54,306	130,054
End of year	<u>\$ 25,360</u>	<u>\$ 49,188</u>	<u>\$ 16,348</u>	<u>\$ 54,801</u>	<u>\$ 145,697</u>



# BOROUGH OF AVALON

## COMBINING STATEMENT OF FIDUCIARY NET POSITION (MODIFIED CASH BASIS) PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2023

	<u>Police</u>	<u>General Employees</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 126,237	\$ 33,063	\$ 159,300
Investments:			
Equity securities	1,895,215	398,638	2,293,853
Mutual funds	<u>1,532,648</u>	<u>322,932</u>	<u>1,855,580</u>
<b>Total Assets</b>	<u>3,554,100</u>	<u>754,633</u>	<u>4,308,733</u>
<b>Net Position Restricted for Pension Benefits</b>	<u>\$ 3,554,100</u>	<u>\$ 754,633</u>	<u>\$ 4,308,733</u>

# BOROUGH OF AVALON

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (MODIFIED CASH BASIS) PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2023

	Police	General Employees	Total
<b>Additions:</b>			
<hr/>			
Contributions:			
Employee	\$ 27,134	\$ -	\$ 27,134
Employer, including state aid	93,182	27,197	120,379
Total contributions	120,316	27,197	147,513
Investment income:			
Net appreciation (depreciation) in fair value of investments	372,616	77,555	450,171
Interest and dividends	108,137	22,874	131,011
Total investment income (loss)	480,753	100,429	581,182
Less investment expense	(20,124)	(7,080)	(27,204)
Net investment income (loss)	460,629	93,349	553,978
Total additions	580,945	120,546	701,491
<b>Deductions:</b>			
<hr/>			
Benefits	226,490	30,117	256,607
Administrative expense	3,045	2,400	5,445
Total deductions	229,535	32,517	262,052
<b>Change in Net Position</b>	351,410	88,029	439,439
<b>Net Position:</b>			
<hr/>			
Beginning of year	3,202,690	666,604	3,869,294
End of year	\$ 3,554,100	\$ 754,633	\$ 4,308,733