

Borough of Doylestown, PA – G.O.

Issuer: Borough of Doylestown, PA

Affirmed Rating Outlook

| Affirmed | Rating | Outlook |
|--------------------------|--------|---------|
| General Obligation Notes | AA | Stable |

Methodology:

[U.S. Local Government GO Methodology](#)
[ESG Global Rating Methodology](#)

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Rating Summary: The long-term rating for the Borough of Doylestown's (the "Borough") General Obligation Notes (the "Notes") reflects the inherent strength of the Borough's full faith and credit pledge; effective management structure and policies; low debt burden; healthy reserves and cash position; and strong wealth and income levels. Under Pennsylvania statute, the Borough has the power to levy ad valorem property taxes, without limitation as to rate or amount, to pay debt service on its general obligation borrowings.

The Borough leverages established, comprehensive and conservative budget practices to achieve satisfactory operating results. Budget-to-actual financial results are monitored monthly and the Borough may implement midyear expenditure adjustments. The Borough utilizes a rolling five-year capital improvement plan and maintains a formal reserve policy with an emergency reserve targeting 10% of GF operating revenues.

The Borough's debt and continuing obligations profile is strong. Direct borrowings at FYE 2024 totaled \$5.7 million and overlapping debt,

which represents the Borough's allocable portion of debt from the Central Bucks School District and Bucks County, totaled \$2.3 million. The Borough's total direct and overlapping debt at FYE 2024 remained low at only 0.5% of full market value ("FMV") and \$956 on a per capita basis. In FY 2025 the Borough received a \$5.0 million grant and \$1.0 million Guaranteed Revenue Note (not rated by KBRA) through the Pennsylvania Infrastructure Investment Authority for a PFAS removal project. The 2025 Guaranteed Revenue Note is secured by a lien on the Borough's Water System revenues but is ultimately guaranteed by the Borough's full faith, credit, and unlimited tax pledge.

Debt service expenditures accounted for a manageable 6.8% of FY 2024 total governmental expenditures. The Borough's fixed costs include debt service on direct borrowing, contributions to the non-uniform employees' pension fund, and contributions for the Central Bucks Regional Police Department ("CBRPD") pension fund, whose costs are shared among the Boroughs of Doylestown, New Britain, and Chalfont. Pension contributions have historically been at the actuarially determined level, with Act 205 receipts covering a portion of the minimum municipal obligation ("MMO"). Fixed costs remain manageable, representing 12.6% of total governmental expenditures at FYE 2024.

In KBRA's view, Doylestown's financial profile is moderately strong. In FY 2024, the Borough realized a modest General Fund ("GF") drawdown of \$36,560 driven by an 8.5% decline in revenues attributable to a normalization to historical levels for charges for services, which declined by 41.9% (\$971,881) following a one-time peak largely tied to higher than expected charges for building permits. The decline in revenues was moderated by growth in property tax receipts of 28.1% (\$365,800), reflecting a 3.0 mill increase to the general purpose tax levy to fund increased CBRPD staffing levels. Despite the FY 2024 GF drawdown, available GF reserves at FYE 2024 (11.2% from unassigned fund balance and 9.7% from the emergency reserve) remained robust at 20.9% of expenditures and GF cash and cash equivalents at FYE 2024 represented a solid 72 days cash on hand. The primary sources of GF revenues were earned income taxes (30.5% of FY 2024 GF revenues), property taxes (19.7%), and charges for services (16.0%).

Year-end projections for FY 2025 were largely in line with budgeted amounts. GF revenues (excluding transfers and the sale of fixed assets) were projected at 4.0% above budget and GF expenditures (excluding transfers) at 0.1% below budget. An estimated interfund transfer out of \$427,709 brought the projected net change in fund balance to -\$260,702, which KBRA estimates would bring GF reserves down to a still strong 16.7% of projected FY 2025 expenditures.

The FY 2026 budget estimates a modest GF drawdown of \$39,498. The projected GF deficit is driven by a 9.6% (\$356,785) increase in the Borough's allocation of CBRPD expenditures, which was offset by increases to the property tax levy and parking fees and fines. In FY 2026 the Borough raised the general purpose ad valorem tax levy by 0.5 mills to 14.415 mills, which remains well below the 30 mill statutory limit (35 mills with permission of the Court of Common Pleas for the County) and could be tapped to support future operating needs.

KBRA continues to view the Borough's municipal resource base as strong. Situated within Bucks County, the Borough is approximately 30 miles north of Philadelphia and benefits from proximity to the diverse employment base of the greater Philadelphia area and southern New Jersey. In 2023, Doylestown's per capita income was 146% of the Commonwealth average and the poverty rate of 6.0% was below that of the Commonwealth at 11.8%. The Borough's population of



8,322 as of 2023 has exhibited small declines, recording a compound annual growth rate ("CAGR") of -0.06% since 2013, reflecting the mature economy. The County level unemployment rate has been consistently below the Commonwealth's, and as of September 2025 stood at 3.8% compared to 4.2% for the Commonwealth. Growth in FMV in recent years has been bolstered by the development of a 240+ unit mixed commercial/residential property completed in 2025, resulting in a 3.65% CAGR between 2014 and 2024 outpacing growth in the consumer price index over the same period (2.85%). Estimated FMV per capita in 2024 remained robust at \$203,758.

The Stable Outlook reflects KBRA's expectation that the Borough will continue to effectively manage its financial operations and maintain strong liquidity and reserve levels. It also considers the availability of additional capacity under the Borough's tax levy limit which could be tapped to support future operating needs.

Key Credit Considerations

The rating was affirmed because of the following key credit considerations:

Credit Positives

- Strong wealth and income levels coupled with stable employment base with proximity to large regional employment centers.
- Strong available reserves relative to operations and solid liquidity.
- Low debt burden.

Credit Challenges

- General fund revenue base is somewhat dependent on earned income taxes which can be cyclically sensitive.

Rating Sensitivities

| | |
|---|---|
| ▪ Sustained improvement of the Borough's financial position. | + |
| ▪ Trend of structural imbalance in operations. | - |
| ▪ Significant deterioration in level of reserves or adverse developments in tax base. | - |

Key Ratios FY 2024

| | | |
|--|----|-------|
| Overall Direct and Overlapping Debt Per Capita | \$ | 956 |
| Overall Direct and Overlapping Debt as a % of Full Market Value | | 0.5% |
| Direct Debt Service as a % of Governmental Expenditures | | 6.8% |
| Fixed Costs as a % of Governmental Expenditures | | 12.6% |
| Unassigned General Fund Balance + Emergency Reserve as a % of Expenditures | | 20.9% |

**Rating Determinants (RD)**

| | |
|---|-----|
| 1. Management Structure and Policies | AA |
| 2. Debt and Additional Continuing Obligations | AA+ |
| 3. Financial Performance and Liquidity Position | AA |
| 4. Municipal Resource Base | AA+ |

A review of each Rating Determinant, the Bankruptcy Assessment, and ESG Management can be found in prior KBRA reports, the most [recent](#) of which is dated January 17, 2025.

Financial and Liquidity Summary**Borough of Doylestown, PA**

General Fund Summary Statement of Income, Unassigned Fund Balance, and Liquidity
(Modified Accrual Basis in \$000s)

| FYE Dec. 31 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|-------------|-------------|
| Summary General Fund Statement of Income | | | | | |
| Revenues | \$ 5,880 | \$ 7,290 | \$ 7,309 | \$ 8,448 | \$ 7,726 |
| Expenditures | 6,622 | 6,905 | 7,254 | 7,665 | 7,994 |
| Excess (Deficiency) of Operating Revenues Over Expenditures | (742) | 384 | 55 | 783 | (268) |
| Other Financing Sources (Uses) | 374 | 158 | (7) | (454) | 231 |
| Net Change in Fund Balance | (369) | 542 | 48 | 329 | (37) |
| Beginning Fund Balance* | 1,474 | 1,105 | 1,812 | 1,860 | 2,189 |
| Ending Fund Balance | \$ 1,105 | \$ 1,648 | \$ 1,860 | \$ 2,189 | \$ 2,152 |
| General Fund Balances | | | | | |
| Nonspendable: Leases | | | 208 | 196 | 230 |
| Restricted Fund Balance | 139 | 123 | 99 | 316 | 253 |
| Emergency Reserve | 588 | 729 | 731 | 845 | 773 |
| Unassigned Fund Balance | 379 | 795 | 822 | 831 | 896 |
| as a % of Expenditures | 5.7% | 11.5% | 11.3% | 10.8% | 11.2% |
| Unassigned Fund Balance + Emergency Reserve | 967 | 1,524 | 1,553 | 1,676 | 1,668 |
| as a % of Expenditures | 14.6% | 22.1% | 21.4% | 21.9% | 20.9% |
| Liquidity | | | | | |
| General Fund Cash and Cash Equivalents | 706 | 1,241 | 1,361 | 1,685 | 1,587 |
| as a % of Expenditures | 10.7% | 18.0% | 18.8% | 22.0% | 19.9% |
| General Fund Days Cash on Hand | 39 | 66 | 68 | 80 | 72 |
| Governmental Funds Cash and Cash Equivalents | 7,488 | 3,530 | 6,581 | 6,858 | 6,176 |
| as a % of Expenditures | 64.7% | 21.5% | 67.8% | 70.2% | 61.7% |
| Governmental Funds Days Cash on Hand | 236 | 78 | 248 | 256 | 225 |

Source: Audited Financial Statements

* The implementation of GASB Statement No. 87 in FY 2022 resulted in the restatement of 2021 fund balance

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