

**Borough of Camp Hill**

Financial Statements and  
Supplementary Information

Year Ended December 31, 2019  
with Independent Auditor's Report



# BOROUGH OF CAMP HILL

YEAR ENDED DECEMBER 31, 2019

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# BOROUGH OF CAMP HILL

YEAR ENDED DECEMBER 31, 2019

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# MaherDuessel

## Independent Auditor's Report

**Members of Council  
Borough of Camp Hill**

We have audited the accompanying modified cash basis financial statements (financial statements) of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Camp Hill (Borough) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough as of

December 31, 2019, and the respective changes in modified cash basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Change in Accounting Principle**

As described in Note 1 of the financial statements, the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 84, "*Fiduciary Activities*," which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Our opinions are not modified with respect to this matter.

#### **Basis of Accounting**

We draw attention to Note 1 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.

#### **Other Matters**

##### *Supplementary and Other 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 combining nonmajor fund financial statements and historical pension information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The historical pension information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Maker Duessel*

Harrisburg, Pennsylvania  
June 26, 2020

# BOROUGH OF CAMP HILL

## STATEMENT OF NET POSITION - MODIFIED CASH BASIS

DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 5,643,645	\$ 4,675,384	\$ 10,319,029
Restricted:			
Cash	27,865	-	27,865
Investments	63,566	-	63,566
<b>Total Assets</b>	<b>\$ 5,735,076</b>	<b>\$ 4,675,384</b>	<b>\$ 10,410,460</b>
<b>Liabilities and Net Position</b>			
Liabilities:			
Internal balances	\$ (121,674)	\$ 121,674	\$ -
Escrowed funds	296,819	-	296,819
Total liabilities	175,145	121,674	296,819
Net position:			
Unrestricted	5,042,200	4,553,710	9,595,910
Restricted:			
Non-expendable - Cemetery	63,566	-	63,566
Capital outlay	300	-	300
Highway	453,865	-	453,865
Total Net Position	5,559,931	4,553,710	10,113,641
<b>Total Liabilities and Net Position</b>	<b>\$ 5,735,076</b>	<b>\$ 4,675,384</b>	<b>\$ 10,410,460</b>

# BOROUGH OF CAMP HILL

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 820,403	\$ 53,905	\$ 10,598	\$ (755,900)	\$ -	\$ (755,900)
Public safety	1,875,881	213,789	-	(1,662,092)	-	(1,662,092)
Health and sanitation	37,308	22,384	-	(14,924)	-	(14,924)
Streets and highways	2,812,685	12,669	266,442	(2,533,574)	-	(2,533,574)
Culture and recreation	1,409,353	597,531	2,499	(809,323)	-	(809,323)
Community development	44,029	-	-	(44,029)	-	(44,029)
General disbursements	1,218,866	-	-	(1,218,866)	-	(1,218,866)
Debt service, principal	4,035,763	-	-	(4,035,763)	-	(4,035,763)
Debt service, interest	56,097	-	-	(56,097)	-	(56,097)
Bond issuance costs	76,151	-	-	(76,151)	-	(76,151)
Total governmental activities	12,386,536	900,278	279,539	(11,206,719)	-	(11,206,719)
<b>Business-type activities:</b>						
Sewer Fund	10,905,701	3,237,574	-	-	(7,668,127)	(7,668,127)
Waste Fund	578,911	525,536	-	-	(53,375)	(53,375)
Total business-type activities	11,484,612	3,763,110	-	-	(7,721,502)	(7,721,502)
Total government	\$ 23,871,148	\$ 4,663,388	\$ 279,539	(11,206,719)	(7,721,502)	(18,928,221)
<b>General receipts:</b>						
Real estate taxes				2,436,682	-	2,436,682
Real estate transfer taxes				196,803	-	196,803
Earned income taxes				1,507,482	-	1,507,482
Local services taxes				200,319	-	200,319
Public utility taxes				4,003	-	4,003
Franchise taxes				156,366	-	156,366
Grants, subsidies, and other nonrestricted				529,689	-	529,689
Interest				152,000	84,352	236,352
Miscellaneous				166,071	-	166,071
Debt issuance				5,528,974	6,285,465	11,814,439
Total general receipts				10,878,389	6,369,817	17,248,206
<b>Change in Net Position</b>				(328,330)	(1,351,685)	(1,680,015)
<b>Net Position:</b>						
Beginning of year				5,888,261	5,905,395	11,793,656
End of year				\$ 5,559,931	\$ 4,553,710	\$ 10,113,641

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

# BOROUGH OF CAMP HILL

## BALANCE SHEET

### GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

DECEMBER 31, 2019

	General Fund	Permanent Fund Cemetery Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 5,190,097	\$ -	\$ 453,548	\$ 5,643,645
Due from other funds	273,948	-	317	274,265
Restricted:				
Cash	300	27,565	-	27,865
Investments	-	63,566	-	63,566
<b>Total Assets</b>	<b>\$ 5,464,345</b>	<b>\$ 91,131</b>	<b>\$ 453,865</b>	<b>\$ 6,009,341</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Due to other funds	\$ 100,317	\$ 52,274	\$ -	\$ 152,591
Escrowed funds	296,819	-	-	296,819
<b>Total Liabilities</b>	<b>397,136</b>	<b>52,274</b>	<b>-</b>	<b>449,410</b>
<b>Fund Balance:</b>				
<b>Nonspendable:</b>				
Cemetery	-	63,566	-	63,566
<b>Restricted for:</b>				
Capital outlay	300	-	-	300
Highway	-	-	453,865	453,865
Assigned for 2020 budget	144,926	-	-	144,926
Unassigned	4,921,983	(24,709)	-	4,897,274
<b>Total Fund Balance</b>	<b>5,067,209</b>	<b>38,857</b>	<b>453,865</b>	<b>5,559,931</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,464,345</b>	<b>\$ 91,131</b>	<b>\$ 453,865</b>	<b>\$ 6,009,341</b>

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

**BOROUGH OF CAMP HILL**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2019**

	General Fund	Permanent Fund Cemetery Fund	Nonmajor Funds	Total Governmental Funds
<b>Receipts:</b>				
Real estate taxes	\$ 2,436,682	\$ -	\$ -	\$ 2,436,682
Real estate transfer taxes	196,803	-	-	196,803
Earned income taxes	1,507,482	-	-	1,507,482
Local services taxes	200,319	-	-	200,319
Licenses and permits	164,041	-	-	164,041
Fines and forfeits	82,218	-	-	82,218
Interest and rents	182,457	9,425	8,424	200,306
Intergovernmental receipts	459,625	-	266,442	726,067
Departmental earnings	545,960	60	-	546,020
Refunds and miscellaneous	419,057	4,485	45,752	469,294
Total receipts	6,194,644	13,970	320,618	6,529,232
<b>Disbursements:</b>				
Current:				
General government	820,403	-	-	820,403
Public safety	1,852,741	-	23,140	1,875,881
Health and sanitation	37,308	-	-	37,308
Streets and highways	2,636,205	-	176,480	2,812,685
Culture and recreation	1,409,353	-	-	1,409,353
Community development	44,029	-	-	44,029
General disbursements	1,215,702	3,164	-	1,218,866
Debt service:				
Principal retirement	4,035,763	-	-	4,035,763
Interest charges	56,097	-	-	56,097
Bond issuance costs	76,151	-	-	76,151
Total disbursements	12,183,752	3,164	199,620	12,386,536
<b>Excess (Deficiency) of Receipts Over (Under) Disbursements</b>	<b>(5,989,108)</b>	<b>10,806</b>	<b>120,998</b>	<b>(5,857,304)</b>
<b>Other Financing Sources (Uses):</b>				
General Obligation Bond issuance	3,620,000	-	-	3,620,000
General Obligation Note issuance	1,600,000	-	-	1,600,000
Premium on bond issuance	143,974	-	-	143,974
Capital lease	165,000	-	-	165,000
Transfers in (out)	15,878	-	(15,878)	-
Total other financing sources (uses)	5,544,852	-	(15,878)	5,528,974
<b>Net Change in Fund Balance</b>	<b>(444,256)</b>	<b>10,806</b>	<b>105,120</b>	<b>(328,330)</b>
<b>Fund Balance:</b>				
Beginning of year	5,511,465	28,051	348,745	5,888,261
End of year	\$ 5,067,209	\$ 38,857	\$ 453,865	\$ 5,559,931

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

# BOROUGH OF CAMP HILL

## STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance of Actual with Final Budget Positive (Negative)
<b>Receipts:</b>			
Real estate taxes	\$ 2,503,000	\$ 2,436,682	\$ (66,318)
Real estate transfer taxes	200,000	196,803	(3,197)
Earned income taxes	1,450,000	1,507,482	57,482
Local services taxes	215,000	200,319	(14,681)
Licenses and permits	182,400	164,041	(18,359)
Fines and forfeits	73,000	82,218	9,218
Interest and rents	127,325	182,457	55,132
Intergovernmental receipts	398,509	459,625	61,116
Departmental earnings	565,858	545,960	(19,898)
Refunds and miscellaneous	334,639	419,057	84,418
Total receipts	<u>6,049,731</u>	<u>6,194,644</u>	<u>144,913</u>
<b>Disbursements:</b>			
General government	608,523	820,403	(211,880)
Public safety	1,815,426	1,852,741	(37,315)
Health and sanitation	8,500	37,308	(28,808)
Streets and highways	2,499,578	2,636,205	(136,627)
Culture and recreation	1,748,220	1,409,353	338,867
Community development	77,602	44,029	33,573
General disbursements	1,096,509	1,215,702	(119,193)
Debt service	-	4,168,011	(4,168,011)
Total disbursements	<u>7,854,358</u>	<u>12,183,752</u>	<u>(4,329,394)</u>
Deficiency of Receipts Under Disbursements	<u>(1,804,627)</u>	<u>(5,989,108)</u>	<u>(4,184,481)</u>
<b>Other Financing Sources:</b>			
General Obligation Bond issuance	-	3,763,974	3,763,974
General Obligation Note issuance	1,500,000	1,600,000	100,000
Capital lease	-	165,000	165,000
Transfers in	-	95,080	95,080
Transfers out	-	(79,202)	(79,202)
Total other financing sources	<u>1,500,000</u>	<u>5,544,852</u>	<u>4,044,852</u>
<b>Net Change in Fund Balance</b>	<u>\$ (304,627)</u>	<u>(444,256)</u>	<u>\$ (139,629)</u>
<b>Fund Balance:</b>			
Beginning of year		5,511,465	
End of year		<u>\$ 5,067,209</u>	

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

# BOROUGH OF CAMP HILL

## BALANCE SHEET

### PROPRIETARY FUNDS - MODIFIED CASH BASIS

DECEMBER 31, 2019

	Sewer Enterprise Fund	Waste Enterprise Fund	Total Proprietary Funds
<b>Assets</b>			
Cash	\$ 4,672,612	\$ 2,772	\$ 4,675,384
Due from other funds	100,000	31,708	131,708
<b>Total Assets</b>	<b>\$ 4,772,612</b>	<b>\$ 34,480</b>	<b>\$ 4,807,092</b>
<b>Liabilities and Net Position</b>			
Liabilities:			
Due to other funds	\$ 199,472	\$ 53,910	\$ 253,382
<b>Total Liabilities</b>	<b>199,472</b>	<b>53,910</b>	<b>253,382</b>
Net position:			
Unrestricted	4,573,140	(19,430)	4,553,710
<b>Total Net Position</b>	<b>4,573,140</b>	<b>(19,430)</b>	<b>4,553,710</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,772,612</b>	<b>\$ 34,480</b>	<b>\$ 4,807,092</b>

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

**BOROUGH OF CAMP HILL**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2019**

	Sewer Enterprise Fund	Waste Enterprise Fund	Total Proprietary Funds
<b>Operating Receipts:</b>			
Charges for services	\$ 3,231,515	\$ 525,536	\$ 3,757,051
Other	6,059	-	6,059
Total operating receipts	<u>3,237,574</u>	<u>525,536</u>	<u>3,763,110</u>
<b>Operating Disbursements:</b>			
Salaries and wages	102,677	-	102,677
Payroll taxes	52,362	-	52,362
Engineering services	36,890	-	36,890
Electric and water	42,508	-	42,508
Materials and supplies	3,734	-	3,734
Postage	4,586	-	4,586
Vehicle operating disbursements	208	-	208
Maintenance and repairs	198,409	-	198,409
Capital outlay	1,439,909	-	1,439,909
Legal fees	1,040	-	1,040
Accounting services	5,000	-	5,000
Hampden Township, treatment plant operations	1,660,122	-	1,660,122
Miscellaneous	23,159	-	23,159
Waste and recycle removal	-	578,911	578,911
Total operating disbursements	<u>3,570,604</u>	<u>578,911</u>	<u>4,149,515</u>
<b>Operating Loss</b>	<u>(333,030)</u>	<u>(53,375)</u>	<u>(386,405)</u>
<b>Nonoperating Receipts (Disbursements):</b>			
Interest income	82,503	1,849	84,352
Capital lease	50,204	-	50,204
Principal retirement	(6,644,801)	-	(6,644,801)
Interest charges	(522,699)	-	(522,699)
Bond issuance costs	(167,597)	-	(167,597)
Proceeds from bond issuance	6,245,000	-	6,245,000
Discount on bond issuance	(9,739)	-	(9,739)
Total nonoperating receipts (disbursements)	<u>(967,129)</u>	<u>1,849</u>	<u>(965,280)</u>
<b>Change in Net Position</b>	<u>(1,300,159)</u>	<u>(51,526)</u>	<u>(1,351,685)</u>
<b>Net Position:</b>			
Beginning of year	5,873,299	32,096	5,905,395
End of year	<u>\$ 4,573,140</u>	<u>\$ (19,430)</u>	<u>\$ 4,553,710</u>

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

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### 1. Organization and Significant Accounting Policies

The Borough of Camp Hill (Borough) was incorporated on November 10, 1885 under the laws of the Commonwealth of Pennsylvania. The Borough provides various services and consists of many different activities. The Borough directly provides law enforcement, crime prevention, and other police services; street construction, lighting, and maintenance; finance and tax collection services; planning; health and sanitation inspections; maintenance of public parks and trees; zoning and sign ordinance enforcement; maintenance and operation of sanitary sewer collection system; and maintenance of on- and off-street parking facilities.

The following is a summary of the Borough's significant accounting policies.

#### Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no agencies or entities that should be presented with the Borough.

#### Related Organizations

##### *Camp Hill Borough Municipal Authority*

In December 2019, the Borough approved an ordinance to create and establish the Camp Hill Borough Municipal Authority (Authority), whereby the Authority will have such purposes and powers as set forth in the Pennsylvania Municipality Authorities Act including, but not limited to, the administration and assessment of related fees in connection with the construction, operation, maintenance and repairs necessary for the implementation and operation of the Borough's municipal separate storm sewer system. The five-member Board is appointed by the Borough Council. The Authority did not have any activity during the year ended December 31, 2019.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Downtown Camp Hill Association

In July 2019, the Borough approved an ordinance to create and establish the Downtown Camp Hill Association (Association), whereby the Association will serve as a liaison between local government and the citizens and business owners of the downtown Camp Hill area in an effort to revitalize the community and promote reinvestment in the downtown area. The Association specifically focuses on the downtown business district along Market Street between 15<sup>th</sup> and 25<sup>th</sup> streets, and coordinates activities and events that promote downtown Camp Hill. For the year ended December 31, 2019, there was very minimal activity by the Association and 501(c)3 status is pending with the IRS.

### Basis of Presentation

#### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities.

The government-wide statement of activities presents direct disbursements and program receipts for each function or program of the Borough's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Borough, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Borough.

#### Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for non-major funds.

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Fund Accounting

The accounts of the Borough are organized on the basis of funds, 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 equity, receipts, and disbursements, 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.

### Governmental Funds

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund** - Accounts for all financial resources, except those accounted for in another fund. The General Fund is the Borough's main operating fund.

**Special Revenue** - Special revenue funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Borough uses special revenue funds to account for state-funded highway safety activities (Liquid Fuels Fund), recreation programs and activities (Parks and Recreation Fund), and the Police Forfeiture Fund, which is used to account for federal grants designated for specific police equipment purchases and salaries.

**Permanent Fund** - Permanent funds are used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Borough uses a permanent fund to account for cemetery maintenance and upkeep, which is financed by various trust accounts. The Borough's Permanent Fund, Cemetery Fund, is a major fund.

### Proprietary Fund

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the enterprise funds.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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Enterprise Funds – The enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Borough accounts for sewer and waste operations in enterprise funds, which are both major funds.

### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured within the various financial statements. The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide statements are prepared using the economic resources measurement focus, within the limitation of the modified cash basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

All governmental fund types are accounted for using a flow of current financial resources measurement focus, within the limitations of the modified cash basis of accounting. The financial statements for governmental funds are a balance sheet, which generally includes only cash and investments, and a statement of receipts, disbursements, and changes in fund balance, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus, within the limitations of the modified cash basis of accounting. With this measurement focus, all cash and investments are included on the balance sheet. The statement of receipts, disbursements, and changes in net position presents increases (i.e., receipts) and decreases (i.e., disbursements) in net position.

The Borough's policy is to maintain its accounting records and to prepare its financial statements in accordance with the modified cash basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred, except that:

- Interfund receivables and payables are recognized.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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- Liabilities for escrow deposits from third parties are recorded.
- Investments are recorded at fair value.
- Right of offset between transfers in and out.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with the Borough's principal ongoing operations. The principal operating receipts of the Borough are charges to customers for sales and services. Operating disbursements include the cost of sales and service and administrative disbursements. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

### Cash and Cash Equivalents

The Borough considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Investments

Investments are reported at fair value. 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. Unrealized appreciation and depreciation due to changes in the fair value of such investments are recognized annually.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Capital Assets

As a result of the use of the modified cash basis of accounting, the Borough reports capital outlays resulting from cash transactions as expended at the time payment is made and does not capitalize the cost of capital assets. Accordingly, no depreciation has been reflected in the financial statements.

### 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.

### Long-Term Debt

As a result of the use of the modified cash basis of accounting, long-term debt is not reported as a liability in the Borough's financial statements. In governmental funds, the debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements. In proprietary funds, the debt proceeds and payment of principal and interest are reported as nonoperating receipts and nonoperating disbursements, respectively.

### Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Disbursements related to compensated absences are recorded when paid. The amount of accumulated unused sick and vacation time is reported as a commitment in Note 7.

### Fund Balance and Net Position

#### Governmental Funds

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

- **Nonspendable** – This category represents funds that are not in spendable form and includes such items as the principal portion of the perpetual trust.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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- 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. This category includes funds that are legally restricted for highway activities, recreation programs and activities, stormwater improvements, and specific police equipment purchases and salaries.
- Assigned – This category includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority.
- Unassigned – This category represents all other funds not otherwise defined.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Borough's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, assigned fund balance is applied first and unassigned fund balance is applied last.

### Government-Wide and Proprietary Fund

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Restricted net position presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position represents the net position of the Borough which is not restricted for any project or other purpose.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the financial statements, a flow assumption must be made

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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about the order in which resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain amounts and disclosures. Accordingly, actual results may differ from estimated amounts.

### Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statement was adopted for the financial statements:

GASB Statement No. 84, "*Fiduciary Activities*," improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As a result, the Borough reclassified its developer escrow accounts that had previously been reported as an agency fund to be combined with the general fund and shown as escrow liabilities.

### Pending Pronouncement

In June of 2017, the GASB issued Statement No. 87, "*Leases*." This Statement improves the accounting and financial reporting for leases. The provisions of GASB Statement No. 87 are effective for the Borough's December 31, 2022 financial statements.

The effect of implementation of this Statement has not yet been determined.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### **2. Budgetary Procedures and Budgetary Accounting**

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

At least 30 days prior to January 1, the Borough manager submits to the Borough Council a proposed operating budget for the General Fund for the fiscal year commencing January 1. The operating budget includes proposed disbursements and the means of financing them.

A public hearing is conducted to obtain citizen comments on the proposed budget. Prior to December 31, the budget is adopted through a passage of a resolution by the Borough Council.

The Borough Council is authorized to transfer unencumbered monies from one account to another, but no monies shall be transferred from the fund allocated for the payment of debts or from any fund raised by a special tax levy for a particular purpose. The Council may at any time by resolution make supplemental appropriations. Actual disbursements and operating transfers out may not legally exceed "budget" appropriations at the individual fund level.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are not reported; however, fund balances are assigned in amounts equal to the subsequent year's anticipated budget deficit, if any. The Borough prepares its budget on the modified cash basis of accounting.

During the year ended December 31, 2019, General Fund accumulated fund balance, excess receipts, and excess other financing sources were available to provide for total disbursements exceeding appropriations in the amount of \$4,329,394, which was the result of debt refunding disclosed in Note 7.

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

The cash and investment policies of the Borough are governed by the Borough Code of Pennsylvania. Cash must be held in insured depositories approved by Borough Council and must be fully collateralized. Permissible investments include United States Treasury bills,

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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other short-term obligations of the United States government or its agencies or instrumentalities, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit, except for the Permanent Fund, which is permitted to invest in mutual funds and money market funds.

A. Deposits:

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a policy for custodial credit risk. At December 31, 2019, the Borough's book balance was \$10,346,894, and the bank balance was \$10,643,798. Of the bank balance, \$251,472 was covered by federal depository insurance and \$10,392,326 was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

The reconciliation of deposits to the financial statements is as follows:

Cash and cash equivalents:	
Governmental activities	\$ 5,671,510
Business-type activities	4,675,384
Total cash and cash equivalents	<u>\$ 10,346,894</u>

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### B. Investments

The Borough's investments are considered Level 1 based on quoted market prices. The fair value of the Borough's investments at December 31, 2019 is:

	<u>Fair Value</u>
Fixed income mutual funds	\$ 20,879
Equity mutual funds:	
Domestic	11,280
International closed end	7,730
Global	1,536
International	6,173
Closed end	<u>15,968</u>
	<u>\$ 63,566</u>

*Custodial Credit Risk.* Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk. At December 31, 2019, the Borough's investments are not held in securities form and, therefore, are not exposed to custodial credit risk.

*Concentration of Credit Risk.* The Borough places no limit on the amount the Plan may invest in any one issuer. At December 31, 2019, the Borough did not have more than 5% invested in any one issuer.

*Credit Risk.* The Borough has no investment policy that would limit its investment choices to certain credit ratings. At December 31, 2019, the Borough's fixed income mutual funds in the amount of \$20,879 are unrated.

*Interest Rate Risk.* The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The following is a list of the Borough's fixed income investments and their related average maturities:

Investment Type	Fair Value	Investment Maturities from December 31, 2019		
		Less than 1 year	1-5 Years	6-10 Years
Fixed income mutual funds	\$ 20,879	\$ -	\$ 641	\$ 20,238
Total	\$ 20,879	\$ -	\$ 641	\$ 20,238

#### 4. Real Estate Taxes

Real estate taxes are levied on March 1 of each tax year based on assessed valuations provided by the County of Cumberland. Real estate taxes are payable at a 2% discount if paid before May 1, at the face amount if paid before July 1, and a 10% penalty is added thereafter. Taxes not received on a timely basis are directed to Cumberland County for collection. The assessed value at January 1, 2019, upon which the 2019 tax levy was based, was \$818,390,400 with a real estate tax assessment of \$2,473,176.

For 2019, the Borough levied taxes at \$3.022 per \$1,000 of assessed valuation.

#### 5. Stadium Use Fee

In December 2013, the Borough entered into a Stadium Construction and Use Agreement (Agreement) with the Camp Hill School District (School District) for the Siebert Park stadium facility, expiring 30 years after the completion date of the Siebert Park Project. This Agreement was amended in June 2015. The amended agreement requires the School District to pay an annual stadium use fee equal to \$81,582, which represents the annualized one-half of the project costs plus \$10,000, through the year ended December 31, 2044. In the event the Borough should realize any future savings in the Borough's interest expense through a bond refunding, refinance or otherwise, the annual use fee payable by the School District shall be reduced in proportion to the School District's share of such interest expense savings. The Agreement also calls for allocation of anticipated or potential sources of revenue related to the stadium, as well as the School District's responsibility to reimburse

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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the Borough for school event related expenses and shared expenses. A total of \$81,582 was received during the year ended December 31, 2019 in accordance with this agreement.

### 6. Interfund Balances

Interfund receivables and payables primarily arise from normal operating activities of the Borough. Certain payments are processed through the General Fund operating account. When applicable, the General Fund records a receivable from the respective funds for the amount of the disbursements processed on their behalf.

Amounts due from and due to other funds at December 31, 2019 were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 273,948	\$ 100,317
Cemetery Fund	-	52,274
Sewer Enterprise Fund	100,000	199,472
Waste Enterprise Fund	31,708	53,910
Nonmajor Governmental Fund	317	-
	<u>\$ 405,973</u>	<u>\$ 405,973</u>

Interfund transfers for the year ended December 31, 2019 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 95,080	\$ 79,202
Nonmajor Governmental Funds	79,202	95,080
	<u>\$ 174,282</u>	<u>\$ 174,282</u>

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

### 7. Long-Term Debt

General long-term debt is comprised of the following at December 31, 2019:

#### General Obligation Bonds of 2012

On November 14, 2012, the Borough issued \$9,740,000 of General Obligation Bonds, Series of 2012 (Series of 2012 Bonds). Proceeds of the Bonds were applied toward (1) the Borough's cost of connection to the Hampden Township Wastewater Treatment Plant; (2) the upgrade of the Borough's conveyance system; (3) other infrastructure improvements, including storm water management facilities and recreational facilities; and (4) to pay the costs of issuing the Series of 2012 Bonds. Debt service payments on the Series of 2012 Bonds are made from the Sewer Fund. During the year ended December 31, 2019, the Borough issued General Obligation Bonds, Series B of 2019 (Series B of 2019 Bonds) to currently refund \$6,050,000 of the Series of 2012 Bonds. The amount outstanding on the Series of 2012 Bonds was \$2,165,000 as of December 31, 2019.

The full faith, credit and taxing power of the Borough are pledged for payment of the principal and interest on the Series of 2012 Bonds.

During 2020, the remaining Series of 2012 Bonds were refinanced. See Note 14.

The annual requirements to repay the Series of 2012 Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Total Debt Service Requirements</u>
2020	\$ 265,000	\$ 44,269	2.00%	\$ 309,269
2021	270,000	38,919	2.00%	308,919
2022	280,000	33,419	2.00%	313,419
2023	285,000	27,591	2.00%	312,591
2024	290,000	21,300	2.13%	311,300
2025-2027	775,000	24,574	2.25-2.38%	799,574
	<u>\$ 2,165,000</u>	<u>\$ 190,072</u>		<u>\$ 2,355,072</u>

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### General Obligation Note of 2014

On June 16, 2014, the Borough issued a \$3,000,000 General Obligation Note, Series of 2014 (Series of 2014 Note). Proceeds of the Series of 2014 Note were used to design, develop, and construct alterations and improvements to the multi-use field, track, bleachers, grandstands, tennis courts, and related infrastructure and other structures located in the Borough's Siebert Park, including but not limited to the press box, concession stand, team rooms, restrooms, and lighting and all utilities serving such facilities, features and structures, including but not limited to communication systems, power, sewer, water, and related infrastructure. Debt service payments on the Series of 2014 Note are made from the General Fund. During the year ended December 31, 2019, the Borough issued General Obligation Bonds, Series A of 2019 (Series A of 2019 Bonds) to currently refund the Series of 2014 Note. As of December 31, 2019, the Series of 2014 Note was paid in full.

### General Obligation Bonds of 2015

On April 16, 2015, the Borough issued the General Obligation Bonds, Series of 2015 (Series of 2015 Bonds) in the amount of \$9,995,000. Proceeds of the Series of 2015 Bonds were used to (1) advance refund a portion of the Borough's outstanding General Obligation Bonds, Series of 2011 Bonds and (2) to pay related costs and expenses, including the costs of issuance of the Series of 2015 Bonds. Debt service payments on the Series of 2015 Bonds are made from the Sewer Fund.

The full faith, credit and taxing power of the Borough are pledged for payment of the principal and interest on the Series of 2015 Bonds.

During 2020, the remaining Series of 2015 Bonds were refinanced. See Note 14.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The annual requirements to repay the Series of 2015 Bonds are as follows:

Year	Principal	Interest	Interest Rate	Total Debt Service Requirements
2020	\$ 305,000	\$ 261,575	2.00%	\$ 566,575
2021	305,000	255,475	2.00%	560,475
2022	315,000	249,275	2.00%	564,275
2023	320,000	242,925	2.00%	562,925
2024	325,000	236,231	2.00%	561,231
2025-2029	1,775,000	1,050,773	2.15-3.00%	2,825,773
2030-2034	2,065,000	765,741	3.00-3.05%	2,830,741
2035-2039	2,410,000	407,666	3.05-3.50%	2,817,666
2040-2041	1,090,000	39,050	3.50-3.55%	1,129,050
	<u>\$ 8,910,000</u>	<u>\$ 3,508,711</u>		<u>\$ 12,418,711</u>

### General Obligation Note of 2018

In November 2018, Borough Council approved a \$1,650,000 General Obligation Note, Series of 2018 (Series of 2018 Note), available on an 18-month draw down basis. Settlement took place in December 2018 and, at that time, \$50,000 was drawn down on the Series of 2018 Note. An additional \$1,600,000 was drawn down during the year ended December 31, 2019. Proceeds of the Series of 2018 Note are to be used for Borough capital improvements and costs of issuance. Payments on the outstanding principal balance of the Series of 2018 Note are to be made semiannually on May 15 and November 15, beginning May 15, 2019.

During the year ended December 31, 2019, the Borough issued General Obligation Bonds, Series A of 2019 (Series A of 2019 Bonds) to currently refund the Series of 2018 Note. As of December 31, 2019, the Series of 2018 Note was paid in full.

### General Obligation Bonds Series A and B of 2019

On December 19, 2019, the Borough issued the Series A of 2019 Bonds in the amount of \$3,620,000 and the Series B of 2019 in the amount of \$6,245,000. Proceeds of the Series A of 2019 Bonds were used to (1) refund the Borough's outstanding Series of 2014 Note and Series of 2018 Note and (2) to pay costs of issuing the Series A Bonds. Proceeds of the Series

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

B of 2019 Bonds were used to (1) refund a portion of the Borough's outstanding Series of 2012 Bonds and (2) to pay costs of issuing the Series B Bonds. Principal maturities occur annually on May 15, 2020 through 2042 and interest is payable semiannually, beginning May 15, 2020.

The full faith, credit and taxing power of the Borough are pledged for payment of the principal and interest on the Series of 2019 Bonds.

Annual debt service for the Series A of 2019 Bonds and Series B of 2019 Bonds are to be paid from the General Fund and Sewer Fund, respectively.

The annual requirements to repay the Series of 2019 Bonds are as follows:

Year	Series A		Series B		Interest Rate	Total Debt Service Requirements
	Principal	Interest	Principal	Interest		
2020	\$ 210,000	\$ 99,393	\$ 30,000	\$ 137,036	5.00%	\$ 476,429
2021	210,000	99,806	15,000	150,281	5.00%	475,087
2022	220,000	89,056	15,000	149,531	5.00%	473,587
2023	230,000	77,806	15,000	148,781	5.00%	471,587
2024	240,000	66,056	15,000	148,031	5.00%	469,087
2025-2029	1,340,000	200,155	875,000	711,030	5.00-2.00%	3,126,185
2030-2034	1,170,000	52,491	1,830,000	550,077	2.12-2.25%	3,602,568
2035-2039	-	-	2,060,000	323,673	2.37-2.62%	2,383,673
2040-2042	-	-	1,390,000	58,713	2.75%	1,448,713
	<u>\$ 3,620,000</u>	<u>\$ 684,763</u>	<u>\$ 6,245,000</u>	<u>\$ 2,377,153</u>		<u>\$ 12,926,916</u>

### Capital Leases

During the year ended December 31, 2017, the Borough purchased a street sweeper and a utility truck under capital leases. Annual payments for the street sweeper in the amount of \$44,200 through the year ending December 31, 2020 are made from the General Fund, and annual payments for the utility truck in the amount of \$23,163 through the year ending December 31, 2019 are made from the Sewer Fund.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

During the year ended December 31, 2018, the Borough purchased two police vehicles under a capital lease. Annual payments for the police vehicles in the amount of \$25,559 through December 31, 2021 are made from the General Fund.

During the year ended December 31, 2019 the Borough purchased a dump truck and a flatbed truck under capital leases. Annual payments for the dump truck in the amount of \$59,058 through the year ending December 31, 2021 are made from the General Fund, and annual payments for the flatbed truck in the amount of \$17,551 through the year ending December 31, 2021 are made from the Sewer Fund.

The future minimum payments under these leases are as follows:

Year	Principal	Interest	Total Payment
2020	\$ 134,843	\$ 11,525	\$ 146,368
2021	97,035	5,135	102,170
	\$ 231,878	\$ 16,660	\$ 248,538

Changes in long-term obligations for the year ended December 31, 2019 were as follows:

	Beginning of year	Additions	Retirements	End of year	Current Portion
<b>Governmental activities:</b>					
Direct borrowings - term notes	\$ 2,318,204	\$ 1,600,000	\$ (3,918,204)	\$ -	\$ -
General Obligation Bonds	-	3,620,000	-	3,620,000	210,000
Capital leases	151,653	165,000	(117,559)	199,094	118,826
	\$ 2,469,857	\$ 5,385,000	\$ (4,035,763)	\$ 3,819,094	\$ 328,826
<b>Business-type activities:</b>					
General Obligation Bonds	\$ 17,680,000	\$ 6,245,000	\$ (6,605,000)	\$ 17,320,000	\$ 600,000
Capital leases	22,381	50,204	(39,801)	32,784	16,017
	\$ 17,702,381	\$ 6,295,204	\$ (6,644,801)	\$ 17,352,784	\$ 616,017

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Compensated Absences

The Borough has entered into contracts that allow employees to accumulate unused sick leave under specified conditions. Upon retirement, employees are reimbursed a portion of the unused leave under the specified conditions pursuant to the contracts and/or policies in effect. The amount of \$286,343 as of December 31, 2019, represents an estimate of accumulated compensated absences potentially payable based on the contracts in effect as of year-end.

## **8. Sewer Enterprise Fund**

In September 2013, the Borough entered into an Operation and Maintenance Agreement with Hampden Township (Hampden), which indicates that the Borough agrees to construct a force main through Hampden Township (Force Main). The Borough agrees to operate and maintain the Force Main and to perform and complete any and all repairs to the Force Main. Additionally, the Borough agrees to reimburse Hampden for all costs and expenses, including, but not limited to, labor costs, associated with any emergency call-outs in any way relating to the Force Main which require Hampden staff to respond to and investigate.

## **9. Pension Plans**

### Plan Descriptions

Effective August 10, 1959, the Borough established the defined benefit Police Pension Plan covering all eligible police officers. Effective October 22, 1968, the Borough established the defined benefit Non-Uniformed Pension Plan covering all eligible non-uniformed employees. Effective January 1, 2016, all eligible non-uniformed employees hired on or after April 1, 2016 (subsequently changed to March 1, 2016) will be enrolled in a Cash Balance Defined Contribution pension plan. The Borough has elected to enroll its police officers and non-uniformed employees in the Pennsylvania Municipal Retirement System (PMRS), established by the Pennsylvania Municipal Retirement Law, Act 15 of 1974, as amended. The PMRS 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 separate Comprehensive Annual Financial Report (CAFR). A

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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copy of the CAFR is available on the PMRS website and a copy can be obtained by contacting the PMRS accounting office.

### Funding Standards and State Aid

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act (Act 205) initiated actuarial funding requirements for Commonwealth municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension plan of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension plan, less funding adjustments and estimated member contributions.

Act 205 also establishes a general municipal pension system state aid program, financed by a tax on the premiums of casualty and fire insurance policies sold in the Commonwealth. The Borough is eligible for this aid for each of its pension plans; however, the ultimate obligation to contribute the MMO to the plans is the Borough's.

### Benefits Provided

#### Police Pension Plan

Act 600 of the Municipal Police Pension Law grants the authority to establish and amend the benefit terms to Borough Council.

*Normal Benefit* - Benefits vest at 100% after 12 years of service. Employees who retire at age 50 with 12 years of service are eligible for normal retirement benefits. Policemen terminating voluntarily after 24 years of service or involuntarily after eight years of service are eligible for early retirement. Annual retirement benefits are based on 2% of average annual salary during the last three years of employment, multiplied by years of credited service, not to exceed 50% of average annual salary. A service increment for credited service in excess of 25 years is provided. Maximum benefit is \$500 per month. Benefits are payable monthly for life. There is no Social Security offset.

*Survivor Benefit* - If a member is eligible to retire at time of death, the member's spouse receives 50% of the member's benefits.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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*Disability Benefit* - The plan provides disability benefits for a member unable to perform gainful employment. A 50% disability benefit is provided for service-related disabilities, regardless of age or years of service. Disability benefits are offset by available workers' compensation benefits. A 30% disability benefit is provided for nonservice-related disabilities for members with at least ten years of service.

*Deferred Retirement Option Plan (DROP)* – Effective January 1, 2018, an active member eligible for normal retirement in the Police Pension Plan may elect to participate in the Borough's DROP. Beginning on the DROP participation date and ending on the DROP termination date, all monthly annuity payments payable to a DROP participant are to be deposited into a separate interest-bearing account established for the DROP participant. The participant may elect to participate in the DROP for a period of not more than 36 months. At December 31, 2019, there were no employees participating in the DROP.

### *Non-Uniformed Pension Plan – Benefits Provided – For Employees Hired Prior to March 1, 2016*

Act 205 of 1984, Municipal Pension Plan Funding Standard and Recovery Act, grants the authority to establish and amend the benefits terms to Borough Council.

*Normal Benefit* – Benefits vest at 100% at 10 years of service. Employees are eligible for normal retirement benefits at age 58. Employees terminating voluntarily after 20 years of service or involuntarily after eight years of service are eligible for early retirement. Annual retirement benefits are based on 1.667% of average annual salary during the last three years of employment, multiplied by years of credited service. Benefits are payable monthly for life with no Social Security offset.

*Survivor Benefit* - If a member is eligible to retire at time of death, the member's beneficiary receives the present value of accrued benefits. At retirement, a member may elect a survivor benefit.

*Disability Benefit* - The plan provides disability benefits for a member unable to perform gainful employment. A 50% disability benefit is provided for service-related disabilities, regardless of age or years of service. Disability benefits are offset by available workers' compensation benefits. A 30% disability benefit is provided for nonservice-related disabilities for members with at least ten years of service.

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Non-Uniformed Cash Balance Defined Contribution Pension Plan – Benefits Provided – For Employees Hired on or after March 1, 2016

Act 205 of 1984, Municipal Pension Plan Funding Standard and Recovery Act, grants the authority to establish and amend the benefits terms to Borough Council.

*Normal Benefit* – Benefits vest at 100% at five years of service. Employees are eligible for normal retirement benefits at age 62 or with 35 years of credited service. Employees terminating voluntarily after 20 years of service or involuntarily after eight years of service are eligible for early retirement. Annual retirement benefits are equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's accumulated deductions and municipal contributions made on behalf of the member.

*Survivor Benefit* - If a member is eligible to retire at time of death, the member's beneficiary receives the present value of accrued benefits. At retirement, a member may elect a survivor benefit.

*Disability Benefit* - The plan provides disability retirement for a member unable to perform gainful employment. Annual retirement benefits are equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's accumulated deductions and municipal contributions made on behalf of the member.

### Contributions

For the Police Pension Plan, the contracted rate for member contributions is 5% of annual salary. Borough Council passed a resolution to waive member contributions for 2018. For the year ended December 31, 2019, the Borough made a contribution to the Police Pension Plan in the amount of \$64,658. This amount was in excess of the MMO requirement of \$58,385 for the year ending December 31, 2019

For the Non-Uniformed Pension Plan, the rate for member contributions is 4.5% of annual salary. Borough Council passed a resolution to waive member contributions for 2019. During the year ended December 31, 2019, the Borough made a contribution to the Non-Uniformed Pension Plan in the amount of \$63,719. This amount was in excess of the MMO requirement of \$59,324 for the year ending December 31, 2019.

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

For the Non-Uniformed Cash Balance Defined Contribution Pension Plan, the rate for member contributions is 4.5% of annual salary. The Borough is required to contribute 5% of member's annual compensation. Borough Council may annually elect to contribute at a higher rate. For the year ended December 31, 2019, the Borough contributed 10% of annual salary for members totaling \$16,861 for the two plan members.

The Borough received pension state aid funds in the total amount of \$145,238 during the year ended December 31, 2019, of which \$64,658 was used for the Police Pension MMO, \$63,719 for the Non-Uniformed Pension Plan MMO, and the remaining \$16,861 was for the Non-Uniformed Cash Balance Defined Contribution Pension Plan.

### Funded Status and Schedule of Funding Progress

#### Police Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2019	\$ 6,984,615	\$ 6,332,608	\$(652,007)	110.3%	\$ 1,096,222	-59.5%

#### Non-Uniformed Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2019	\$ 3,431,467	\$ 3,103,834	\$(327,633)	110.6%	\$ 838,883	-39.1%

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

### Actuarial Assumptions

The actuarial accrued liability for both the Police Pension and Non-Uniformed Pension Plans was determined as part of an actuarial valuation as of January 1, 2019. This report was based upon the following significant actuarial assumptions:

Actuarial assumptions:

Investment rate of return	5.25%, net of expenses
Projected salary increases	2.8% - 7.05%*
* includes inflation rate of 2.8%	
Cost-of-living adjustments	2.8%

Actuarial assumptions based on PMRS Experience Study issued in July 2015

Pre-retirement mortality:

Males: RP 2000 Male Non-Annuitant table projected 15 years with Scale AA

Females: RP 2000 Female Non-Annuitant table projected 15 years with Scale AA and then set back 5 years

Post-retirement mortality:

Males: RP 2000 Male Annuitant table projected 5 years with Scale AA

Females: RP 2000 Female Annuitant table projected 10 years with Scale AA

### Investment Policy

The target allocation for each major asset class included in the both the Police and Non-Uniformed pension plans' target asset allocation are summarized in the following table:

Asset Class	Target Allocations	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic equity (large capitalized firms)	25.0%	7.3%	4.6%
Domestic equity (small capitalized firms)	15.0%	10.0%	7.3%
International equity (developed markets)	15.0%	6.2%	3.5%
International equity (emerging markets)	10.0%	10.6%	8.3%
Real estate	20.0%	8.5%	5.4%
Fixed income	15.0%	3.3%	1.1%
Total portfolio	100.0%	7.5%	4.8%

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### 10. Risk Management

The Borough is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. For insured programs, there were no significant reductions in coverage during the year ended December 31, 2019. For the year ended December 31, 2019, and the two previous years, the claims that were incurred did not exceed insurance coverage.

#### Participation in Risk Sharing Pool

In 2006, the Borough joined the Capital Region Insurance Trust, a self-funded insurance cooperative to provide medical benefits to its employees. Payments made into the pool are based on the municipality's past claims experience plus amounts to cover a cross recovery fund benefiting all members in the pool. Prior to 2010, the cooperative was separated into "regions" and the Borough was a part of the Capital Region Insurance Trust. After 2010, PA Municipal Health Insurance Cooperative opened up the entire trust pool to all members, which now totals over 240 members.

For the year ended December 31, 2019, the Borough was limited in liability for claims to \$50,000 per enrollee and a maximum claims liability of \$526,265. Actual claims paid for the year ended December 31, 2019 were \$270,987. For the year ended December 31, 2019, the Borough received refunds of self-insurance for \$290,126 representing the remaining excess premiums paid in 2018.

As of December 31, 2019, the Borough is not aware of any additional assessments relating to its participation in the pool.

### 11. Post-Employment Healthcare Benefits

#### Plan Description

In addition to the pension benefits described in Note 9, the Borough provides single-employer health care benefits for retired police, public works, and wastewater employees. These benefit provisions and all other requirements are established by collective bargaining agreements and Council approval.

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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Collective bargaining agreements, which require Council approval, are the authority under which benefit provisions are established or may be amended.

Eligible employees hired prior to January 1, 2018 and retiring on or after January 1, 2003 who are covered under the agreement between the Camp Hill Police Association and the Borough are provided health insurance for ten years after the employee retires. Police retirees are eligible to receive such benefits after attaining age 50 and completing 25 years of service or retiring after becoming totally and permanently disabled in the line of duty.

Eligible employees retiring on or after January 1, 1986 who are covered under the bargaining agreement between the Borough and the Laborer's International Union of N.A., AFL-CIO, Local No. 158 (i.e., public works and wastewater employees) are permitted to remain in the Borough's hospitalization and vision care benefit plans, provided that they pay the required premiums according to the Borough's policy. Public works and sewer employees retiring after attaining age 58 and completing 25 years of service are eligible to receive such health care benefits. The plan provisions cover health care expenses for the retiree, with spouse coverage available.

Non-Union Borough employees are not offered post-employment benefits.

### Funding Policy and Annual OPEB Costs

The Borough's contribution is based on projected pay-as-you-go financing requirements. The Borough contributed \$13,301 to the OPEB Plan for the year ended December 31, 2019. There were no plan member contributions as required by the cost sharing provisions of the plan for the year ended December 31, 2019.

Collective bargaining agreements, which require Council approval for establishment or amendments, are the authority which obligates the Borough and others to contribute to the plans.

For police retirees, the Borough will contribute monthly up to the husband and wife premium in effect upon retirement for the applicable number of years. If coverage extends beyond Medicare eligibility, Medicare will become primary. The retiree must pay any premium increases after retirement.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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For public works and sewer retirees, retirees and spouses are eligible for coverage under the Borough's health care plan but must pay 100% of the charged premiums.

There is currently one retiree participating in the Borough's OPEB plan.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Information as of the latest actuarial valuation follows:

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal cost method
Inflation rate	2.75%
Actuarial assumptions	
Interest rate	3.25%
Medical inflation	6.00% in 2019, decreasing by 0.25% per year to 5% in 2023 and thereafter.
Mortality	RP-2014 Mortality Table with 50% of the Blue Collar Adjustment

### Total OPEB Liability

As a result of the Borough's use of the modified cash basis of accounting, total OPEB liabilities are not reflected in the financial statements. The total OPEB liability, based on an

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# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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actuarial valuation dated January 1, 2018 and rolled forward to December 31, 2019, for the Borough is \$1,964,945.

### 12. Litigation

The Borough is involved in several lawsuits arising in the normal course of business. Management believes that none of the litigation outstanding will have a material adverse effect on the financial position of the Borough at December 31, 2019.

### 13. Commitments and Contingencies

During the year ended December 31, 2019, the Borough entered into various construction contracts totaling \$2,029,442. The remaining commitment on these contracts at December 31, 2019 was \$565,692.

During the year ended December 31, 2018, the Borough entered into a three-year trash hauling contract for the removal of refuse in the quarterly amount of \$42 per unit. The contract remains effective until March 31, 2020, with the option to renew on a yearly basis for up to two one-year renewal periods. Total payments made to the trash hauler in accordance with the agreement totaled \$578,911 for the year ended December 31, 2019.

### 14. Subsequent Events

#### Long-term Debt

On February 19, 2020, the Borough issued General Obligation Bonds, Series of 2020 (Series of 2020 Bonds) in the total amount of \$9,755,000. The Bonds were issued in order to refund the Borough's outstanding Series of 2012 Bonds, to refund the Borough's outstanding Series of 2015 Bonds, and pay the costs of issuing the bonds. Principal maturities occur annually on May 15, 2020 through 2041 and interest will be paid semiannually beginning May 15, 2020. Interest rates vary from 2% - 5%. Annual debt service payments for the Series of 2020 Bonds are to be made from the Sewer Fund.

# BOROUGH OF CAMP HILL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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### Coronavirus Update

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the impact of the coronavirus on the Borough's operational and financial performance is currently uncertain and cannot be predicted.

## **OTHER INFORMATION**

# BOROUGH OF CAMP HILL

## OTHER INFORMATION -

### SCHEDULE OF CHANGES IN THE POLICE PENSION PLAN'S NET PENSION ASSET AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>					
Service cost	\$ 151,878	\$ 154,592	\$ 95,404	\$ 152,176	\$ 136,418
Interest	316,432	304,825	293,876	283,996	281,791
Benefit payments, including refunds	(235,621)	(235,621)	(235,621)	(225,615)	(229,364)
Changes of assumptions	-	-	168,405	30,796	-
Differences between expected and actual experience	108,220	-	81,807	-	(166,375)
<b>Net Changes in Total Pension Liability</b>	<b>340,909</b>	<b>223,796</b>	<b>403,871</b>	<b>241,353</b>	<b>22,470</b>
<b>Total Pension Liability - Beginning</b>	<b>5,991,699</b>	<b>5,767,903</b>	<b>5,364,032</b>	<b>5,122,679</b>	<b>5,100,209</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 6,332,608</b>	<b>\$ 5,991,699</b>	<b>\$ 5,767,903</b>	<b>\$ 5,364,032</b>	<b>\$ 5,122,679</b>
<b>Plan Fiduciary Net Position:</b>					
Contributions - employer	\$ 49,737	\$ 22,089	\$ -	\$ -	\$ 2,418
Net investment income (loss)	(264,754)	1,065,907	538,894	(203,301)	338,364
Benefit payments, including refunds	(235,621)	(235,621)	(235,621)	(225,615)	(229,364)
Administrative expense	(15,596)	(15,728)	(17,054)	(14,834)	(13,381)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(466,234)</b>	<b>836,647</b>	<b>286,219</b>	<b>(443,750)</b>	<b>98,037</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>6,956,307</b>	<b>6,119,660</b>	<b>5,833,441</b>	<b>6,277,191</b>	<b>6,179,154</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,490,073</b>	<b>\$ 6,956,307</b>	<b>\$ 6,119,660</b>	<b>\$ 5,833,441</b>	<b>\$ 6,277,191</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ (157,465)</b>	<b>\$ (964,608)</b>	<b>\$ (351,757)</b>	<b>\$ (469,409)</b>	<b>\$ (1,154,512)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>102.49%</b>	<b>116.10%</b>	<b>106.10%</b>	<b>108.75%</b>	<b>122.54%</b>
<b>Covered Employee Payroll</b>	<b>\$ 937,257</b>	<b>\$ 954,000</b>	<b>\$ 864,118</b>	<b>\$ 823,629</b>	<b>\$ 678,138</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>-16.80%</b>	<b>-101.11%</b>	<b>-40.71%</b>	<b>-56.99%</b>	<b>-170.25%</b>

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying notes to other information - pension plans.

# BOROUGH OF CAMP HILL

## OTHER INFORMATION -

### SCHEDULE OF CHANGES IN THE NON-UNIFORMED PENSION PLAN'S NET PENSION ASSET AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>					
Service cost	\$ 101,142	\$ 102,825	\$ 99,010	\$ 105,976	\$ 93,044
Interest	155,075	148,631	143,873	147,160	158,197
Benefit payments, including refunds	(127,290)	(125,820)	(266,172)	(373,245)	(125,623)
Changes of assumptions	-	-	77,842	14,990	-
Differences between expected and actual experience	52,888	-	93,163	-	(217,069)
<b>Net Changes in Total Pension Liability</b>	<b>181,815</b>	<b>125,636</b>	<b>147,716</b>	<b>(105,119)</b>	<b>(91,451)</b>
<b>Total Pension Liability - Beginning</b>	<b>2,922,019</b>	<b>2,796,383</b>	<b>2,648,667</b>	<b>2,753,786</b>	<b>2,845,237</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 3,103,834</b>	<b>\$ 2,922,019</b>	<b>\$ 2,796,383</b>	<b>\$ 2,648,667</b>	<b>\$ 2,753,786</b>
<b>Plan Fiduciary Net Position:</b>					
Contributions - employer	\$ 88,197	\$ 85,985	\$ 108,569	\$ 57,349	\$ 63,805
Contributions - employee	12,888	11,937	975	-	-
Net investment income (loss)	(136,807)	504,565	377,193	133,637	(72,557)
Benefit payments, including refunds	(127,290)	(125,820)	(266,172)	(373,245)	(125,623)
Administrative expense	(7,771)	(7,687)	(7,840)	(6,798)	(6,850)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(170,783)</b>	<b>468,980</b>	<b>212,725</b>	<b>(189,057)</b>	<b>(141,225)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,337,122</b>	<b>2,868,142</b>	<b>2,655,417</b>	<b>2,844,474</b>	<b>2,985,699</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 3,166,339</b>	<b>\$ 3,337,122</b>	<b>\$ 2,868,142</b>	<b>\$ 2,655,417</b>	<b>\$ 2,844,474</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ (62,505)</b>	<b>\$ (415,103)</b>	<b>\$ (71,759)</b>	<b>\$ (6,750)</b>	<b>\$ (90,688)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>102.01%</b>	<b>114.21%</b>	<b>102.57%</b>	<b>100.25%</b>	<b>103.29%</b>
<b>Covered Employee Payroll</b>	<b>\$ 821,464</b>	<b>\$ 845,970</b>	<b>\$ 915,036</b>	<b>\$ 949,606</b>	<b>\$ 830,655</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>-7.61%</b>	<b>-49.07%</b>	<b>-7.84%</b>	<b>-0.71%</b>	<b>-10.92%</b>

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying notes to other information - pension plans.

# BOROUGH OF CAMP HILL

## OTHER INFORMATION -

### SCHEDULE OF CHANGES IN THE NON-UNIFORMED CASH BALANCE PENSION PLAN'S NET PENSION ASSET AND RELATED RATIOS

YEAR ENDED DECEMBER 31, \*

	2019	2018
<b>Total Pension Liability:</b>		
Service cost	\$ 24,695	\$ 30,287
Interest	1,842	442
Differences between expected and actual experience	-	(2,456)
Benefit payments	(1,106)	-
	25,431	28,273
<b>Net Changes in Total Pension Liability</b>		
<b>Total Pension Liability - Beginning</b>	28,273	-
<b>Total Pension Liability - Ending (a)</b>	\$ 53,704	\$ 28,273
<b>Plan Fiduciary Net Position:</b>		
Contributions - employer	\$ 21,461	\$ 18,146
Contributions - employee	7,664	17,691
Net investment income	(4,064)	2,685
Benefit payments, including refunds	(1,106)	-
Administrative expense	(139)	(25)
	23,816	38,497
<b>Net Change in Plan Fiduciary Net Position</b>		
<b>Plan Fiduciary Net Position - Beginning</b>	38,497	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 62,313	\$ 38,497
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	\$ (8,609)	\$ (10,224)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	116.03%	136.16%
<b>Covered Employee Payroll</b>	\$ 170,308	\$ 128,587
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	-5.05%	-7.95%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying notes to other information - pension plans.

# BOROUGH OF CAMP HILL

## OTHER INFORMATION -

### SCHEDULES OF BOROUGH PENSION CONTRIBUTIONS

YEAR ENDED DECEMBER 31, \*

**POLICE PENSION PLAN:**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Schedule of Borough Contributions</b>										
Actuarially determined contribution under Act 205	\$ 49,717	\$ 22,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	49,737	22,089	-	-	2,418	-	-	-	-	-
Contribution deficiency (excess)	\$ (20)	\$ -	\$ -	\$ -	\$ (2,418)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 937,257	\$ 954,000	\$ 864,118	\$ 823,629	\$ 678,138					
Contributions as a percentage of covered employee payroll	5.31%	2.32%	0.00%	0.00%	0.36%					

**NON-UNIFORMED PENSION PLAN:**

<b>Schedule of Borough Contributions</b>										
Actuarially determined contribution under Act 205	\$ 88,197	\$ 85,985	\$ 72,243	\$ 57,249	\$ 35,200	\$ 31,128	\$ 21,519	\$ 23,040	\$ 20,133	\$ 12,356
Contributions in relation to the actuarially determined contributions	88,197	85,985	108,569	57,349	63,805	31,128	26,346	23,040	20,133	12,356
Contribution deficiency (excess)	\$ -	\$ -	\$ (36,326)	\$ (100)	\$ (28,605)	\$ -	\$ (4,827)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 821,464	\$ 845,970	\$ 915,036	\$ 949,606	\$ 830,655					
Contributions as a percentage of covered employee payroll	10.74%	10.16%	11.86%	6.04%	7.68%					

**NON-UNIFORMED CASH BALANCE PENSION PLAN:**

<b>Schedule of Borough Contributions</b>		
Actuarially determined contribution under Act 205	\$ 17,071	\$ 12,596
Contributions in relation to the actuarially determined contributions	21,461	18,146
Contribution deficiency (excess)	\$ (4,390)	\$ (5,550)
Covered employee payroll	\$ 170,308	\$ 128,587
Contributions as a percentage of covered employee payroll	12.60%	14.11%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying notes to other information - pension plans.

# BOROUGH OF CAMP HILL

## NOTES TO OTHER INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2019

### 1. Actuarial Methods and Assumptions

The information presented in the other information was determined as part of the actuarial valuation at the date indicated. Methods and assumptions used to determine the contribution rate required under Act 205 for the year ended December 31, 2018 (presented as the subsequent year on the preceding schedules) are as follows:

	<u>Police Pension Plan</u>	<u>Non-Uniformed Pension Plan</u>
Actuarial valuation date	1/1/2017	1/1/2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	Based on periods in Act 205	Based on periods in Act 205
Asset valuation method	Based on municipal reserves	Based on municipal reserves
Actuarial assumptions:		
Investment rate of return	5.25%	5.25%
Projected salary increases	age related scale with merit and inflation component	age related scale with merit and inflation component
Underlying inflation rate	2.8%	2.8%
Cost-of-living adjustment	2.8%	2.8%

**Pre-retirement mortality:**

Males: RP 2000 Male Non-Annuitant table projected 15 years with Scale AA

Females: RP 2000 Female Non-Annuitant table projected 15 years with Scale AA and then setback 5 years.

**Post-retirement mortality:**

Males: RP 2000 Male Non-Annuitant table projected 5 years with Scale AA

Females: RP 2000 Female Non-Annuitant table projected 10 years with Scale AA

# BOROUGH OF CAMP HILL

## NOTES TO OTHER INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2019

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### **2. Changes in Actuarial Assumptions**

The December 31, 2015 assumptions were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 first effective.

The December 31, 2016 investment return assumption for municipal assets decreased from 5.50% to 5.25%. The underlying investment rate and the cost of living adjustment assumption decreased from 3.00% to 2.80%. In addition, the pre-retirement mortality assumption changed from the RP 2000 with a 1 year set back for males and a 5 year set back for females to the RP 2000 Male Non-Annuitant table projected 15 years with Scale AA and RP 2000 Female Non-Annuitant table projected 15 years with Scale AA and then set back 5 years. Finally, the post-retirement mortality assumption was changed from the RP-2000 Sex-Distinct Combined Healthy Mortality Table to the RP 2000 Male Non-Annuitant table projected 5 years with Scale AA and RP 2000 Female Non-Annuitant table projected 10 years with Scale AA.

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## **SUPPLEMENTARY INFORMATION**

# BOROUGH OF CAMP HILL

## COMBINING BALANCE SHEET

### ALL NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

DECEMBER 31, 2019

Assets	Special Revenue Funds			Total
	Police Forfeiture	Parks and Recreation	Liquid Fuels	
Cash	\$ -	\$ -	\$ 453,548	\$ 453,548
Due from other funds	-	-	317	317
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 453,865</b>	<b>\$ 453,865</b>
<b>Fund Balance</b>				
Restricted for:				
Highway	\$ -	\$ -	\$ 453,865	\$ 453,865
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 453,865</b>	<b>\$ 453,865</b>

# BOROUGH OF CAMP HILL

## COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE

### ALL NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds			Total
	Police Forfeiture	Parks and Recreation	Liquid Fuels	
<b>Receipts:</b>				
Interest and rents	\$ 164	\$ 1,333	\$ 6,927	\$ 8,424
Intergovernmental receipts	-	-	266,442	266,442
Refunds and miscellaneous	-	-	45,752	45,752
Total receipts	<u>164</u>	<u>1,333</u>	<u>319,121</u>	<u>320,618</u>
<b>Disbursements:</b>				
Current:				
Public safety	23,140	-	-	23,140
Streets and highways	-	-	176,480	176,480
Total disbursements	<u>23,140</u>	<u>-</u>	<u>176,480</u>	<u>199,620</u>
<b>Excess (Deficiency) of Receipts Over (Under) Disbursements</b>	<u>(22,976)</u>	<u>1,333</u>	<u>142,641</u>	<u>120,998</u>
<b>Other Financing Sources (Uses):</b>				
Transfer In (Out)	(16)	(95,064)	79,202	(15,878)
Total other financing sources (uses)	<u>(16)</u>	<u>(95,064)</u>	<u>79,202</u>	<u>(15,878)</u>
<b>Net Change in Fund Balance</b>	<u>(22,992)</u>	<u>(93,731)</u>	<u>221,843</u>	<u>105,120</u>
<b>Fund Balance:</b>				
Beginning of year	<u>22,992</u>	<u>93,731</u>	<u>232,022</u>	<u>348,745</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,865</u>	<u>\$ 453,865</u>

