

BOROUGH OF HIGHSPIRE

FINANCIAL REPORT

DECEMBER 31, 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 3
------------------------------	-------

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5

Fund Financial Statements:

Balance Sheet - Governmental Funds - Modified Cash Basis	6
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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis	7
---	---

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds - Modified Cash Basis	8 - 9
--	-------

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Modified Cash Basis	10
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Statement of Net Position - Proprietary Fund - Modified Cash Basis	11
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Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund - Modified Cash Basis	12
---	----

Statement of Fiduciary Net Position - Fiduciary Funds - Modified Cash Basis	13
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Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Modified Cash Basis	14
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Notes to Financial Statements	15 - 42
-------------------------------	---------

SUPPLEMENTARY INFORMATION

Schedules of Changes in Net Pension Liability - Police Pension Fund	43
---	----

Schedules of Employer Contributions - Police Pension Fund	44
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CONTENTS (Continued)

Schedules of Investment Returns - Police Pension Fund	45
Schedules of Changes in Net Pension Liability - Non-Uniformed Employees Pension Fund	46
Schedules of Employer Contributions - Non-Uniformed Employees Pension Fund	47
Schedules of Investment Returns - Non-Uniformed Employees Pension Fund	48
Schedule of Revenues and Expenditures - Budget and Actual - General Fund - Modified Cash Basis	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds - Modified Cash Basis	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds - Modified Cash Basis	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds - Modified Cash Basis	52
Schedules of Revenues - General Fund - Modified Cash Basis	53 - 54
Schedules of Expenditures - General Fund - Modified Cash Basis	55 - 57
Combining Schedule of Revenues, Expenses and Changes in Net Position - Sewer Revenue Funds - Modified Cash Basis	58 - 60
Schedule of Revenues and Expenses - Budget and Actual - Proprietary Fund - Modified Cash Basis	61
Schedule of Tax, Ash and Garbage Collections - General Fund - Modified Cash Basis	62
Schedules of Revenues and Expenditures - General Fund - For the Last Ten Years - Modified Cash Basis	63 - 64
Supplementary Schedule of Statistical Information for the Last Ten Years	65

INDEPENDENT AUDITOR'S REPORT

Borough Council
Borough of Highspire
Highspire, Pennsylvania

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Highspire, Pennsylvania (the Borough), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the Contents.

In our opinion, the accompanying 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 activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of December 31, 2022, and the respective changes in modified cash basis financial position, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

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

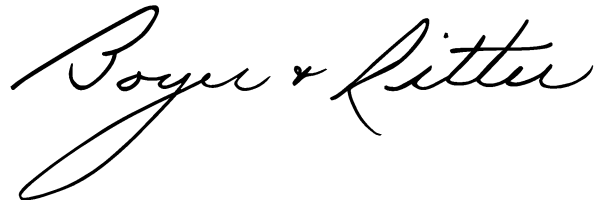
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Borough's basic financial statements. The accompanying supplementary information schedules identified in the Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information schedules identified in the Contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Report on Summarized Comparative Information

We have previously audited the Borough's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Boyer & Ritten". The signature is written in a cursive style with a large, sweeping flourish under the word "Boyer".

Camp Hill, Pennsylvania
June 12, 2023

BOROUGH OF HIGHSPIRE

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Highspire Borough Authority
Assets				
Cash and cash equivalents	\$ 2,337,549	\$ 3,967,458	\$ 6,305,007	\$ 707,174
Due from other funds	2,044	6,338	8,382	-
Unamortized bond discounts	2,440	27,864	30,304	-
Total assets	2,342,033	4,001,660	6,343,693	707,174
Deferred Outflows of Resources				
Deferred amounts related to refunding debts	-	102,392	102,392	-
Total assets and deferred outflows of resources	\$ 2,342,033	\$ 4,104,052	\$ 6,446,085	\$ 707,174
Liabilities				
Current Liabilities				
Amounts held in escrow	\$ 14,671	\$ -	\$ 14,671	\$ -
Due to other funds	-	8,382	8,382	-
Due to other governments	-	212,707	212,707	-
Current portion of long-term debt	110,136	290,000	400,136	-
Total current liabilities	124,807	511,089	635,896	-
Noncurrent Liabilities				
Unamortized bond premiums	-	35,851	35,851	-
General obligation bonds payable	147,059	2,830,000	2,977,059	-
Total noncurrent liabilities	147,059	2,865,851	3,012,910	-
Total liabilities	271,866	3,376,940	3,648,806	-
Net Position				
Restricted net position	959,918	-	959,918	707,174
Unrestricted net position	1,110,249	727,112	1,837,361	-
Total net position	2,070,167	727,112	2,797,279	707,174
Total liabilities and net position	\$ 2,342,033	\$ 4,104,052	\$ 6,446,085	\$ 707,174

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Primary Government		Highspire Borough Authority	
				Governmental Activities	Business-Type Activities		Total
Governmental Activities							
General government	\$ 359,207	\$ 26,725	\$ 179,472	\$ (153,010)	\$ -	\$ (153,010)	\$ -
Public safety							
Police protection	1,033,824	53,138	1,200	(979,486)	-	(979,486)	-
Fire protection	88,141	-	20,362	(67,779)	-	(67,779)	-
Ambulance/rescue	11,515	-	-	(11,515)	-	(11,515)	-
Protective inspections	62,506	-	-	(62,506)	-	(62,506)	-
Emergency management	1,435	-	-	(1,435)	-	(1,435)	-
Public works							
Solid waste collection and disposal	353,719	312,593	-	(41,126)	-	(41,126)	-
Highways and streets	621,977	-	77,470	(544,507)	-	(544,507)	-
Storm water management and flood control	115,937	147,797	2,076	33,936	-	33,936	-
Culture - recreation	49,263	4,200	1,502	(43,561)	-	(43,561)	-
Interest expense	7,963	-	-	(7,963)	-	(7,963)	-
Total governmental activities	2,705,487	544,453	282,082	(1,878,952)	-	(1,878,952)	-
Business-Type Activities							
Sanitary sewer	1,940,879	2,223,797	33,946	-	316,864	316,864	-
Total primary government	\$ 4,646,366	\$ 2,768,250	\$ 316,028	\$ (1,878,952)	\$ 316,864	\$ (1,562,088)	\$ -
Component Unit							
Highspire Borough Authority	\$ 177,983	\$ 40,000	\$ 171,628	\$ -	\$ -	\$ -	\$ 33,645
General Revenues							
Property taxes, levied for general purposes, net				\$ 1,417,817	\$ -	\$ 1,417,817	\$ -
Earned income taxes, for general purposes, net				316,757	-	316,757	-
Other taxes, for general purposes, net				357,914	-	357,914	-
Licenses and permits				47,838	-	47,838	-
Investment earnings				14,884	34,239	49,123	7,944
Miscellaneous income				57,468	2,910	60,378	-
Interfund transfers				(15,007)	15,007	-	-
Total general revenues				2,197,671	52,156	2,249,827	7,944
Changes in net position				318,719	369,020	687,739	41,589
Net Position - January 1, 2022				1,751,448	358,092	2,109,540	665,585
Net Position - December 31, 2022				\$ 2,070,167	\$ 727,112	\$ 2,797,279	\$ 707,174

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**BALANCE SHEET - GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS
December 31, 2022**

	Major Funds				Totals	
	General Fund	Capital Reserve Fund	Stormwater Management Fund	Non-major Governmental Funds	2022	Summarized 2021
Assets						
Cash and cash equivalents	\$ 1,092,963	\$ 393,309	\$ 272,812	\$ 578,465	\$ 2,337,549	\$ 2,061,545
Due from other funds	7,779	-	3,426	-	11,205	15,581
Total assets	\$ 1,100,742	\$ 393,309	\$ 276,238	\$ 578,465	\$ 2,348,754	\$ 2,077,126
Liabilities						
Due to other funds	\$ 6,338	\$ -	\$ 2,823	\$ -	\$ 9,161	\$ 3,591
Amounts held in escrow	14,671	-	-	-	14,671	15,038
Total liabilities	21,009	-	2,823	-	23,832	18,629
Fund Balance						
Restricted						
State restriction	-	-	-	213,330	213,330	200,101
Grantor restriction	-	-	-	194,942	194,942	276,084
Capital expenditures	-	393,309	-	158,337	551,646	331,826
Assigned	-	-	-	11,856	11,856	11,563
Unassigned	1,079,733	-	273,415	-	1,353,148	1,238,923
Total fund balance	1,079,733	393,309	273,415	578,465	2,324,922	2,058,497
Total liabilities and fund balance	\$ 1,100,742	\$ 393,309	\$ 276,238	\$ 578,465	\$ 2,348,754	\$ 2,077,126

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2022**

Total Fund Balance - Governmental Funds	\$ 2,324,922
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Unamortized bond discounts	2,440
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	(190,000)
Financed purchase agreements payable	(67,195)
Total net position - governmental activities	<u><u>\$ 2,070,167</u></u>

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Year Ended December 31, 2022**

	Major Funds				Totals	
	General Fund	Capital Reserve Fund	Stormwater Management Fund	Non-major Funds	2022	Summarized 2021
Revenues						
Real estate taxes	\$ 1,417,816	\$ -	\$ -	\$ -	\$ 1,417,816	\$ 1,583,540
Occupation taxes	257,807	-	-	-	257,807	187,422
Earned income taxes	316,757	-	-	-	316,757	267,533
Per capita taxes	8,370	-	-	-	8,370	5,668
Local services taxes	14,058	-	-	-	14,058	12,553
Realty transfer taxes	77,680	-	-	-	77,680	61,491
Permits, fees and licenses	47,838	-	-	-	47,838	53,006
Fines and forfeits	18,033	-	-	-	18,033	18,409
Interest and rents	5,680	3,134	705	5,367	14,886	863
Intergovernmental revenues	66,841	-	2,076	202,445	271,362	525,669
Contributions and donations	-	-	-	15,533	15,533	11,048
Charges for services	374,424	-	147,797	-	522,221	510,824
Miscellaneous revenues	393	-	63	4,783	5,239	23,890
Total revenues	2,605,697	3,134	150,641	228,128	2,987,600	3,261,916
Expenditures						
General government	278,808	31,530	-	-	310,338	308,697
Public safety						
Police protection	966,216	67,195	-	413	1,033,824	997,525
Fire protection	88,141	-	-	-	88,141	77,903
Ambulance protection	11,515	-	-	-	11,515	11,515
Protective inspection	62,506	-	-	-	62,506	42,947
Emergency management	1,435	-	-	-	1,435	3,580
Public works						
Solid waste collection and disposal	353,719	-	-	-	353,719	314,511
Highways and streets	344,154	-	-	277,823	621,977	351,211
Storm water management and flood control	-	-	95,937	-	95,937	225,596
Culture and recreation	46,719	-	-	2,544	49,263	45,822
Debt service - principal	-	25,709	-	95,000	120,709	119,379
Debt service - interest	-	1,043	-	5,700	6,743	9,973
Insurance	48,869	-	-	-	48,869	39,428
Total expenditures	2,202,082	125,477	95,937	381,480	2,804,976	2,548,087
Excess (deficiency) of revenues over expenditures	403,615	(122,343)	54,704	(153,352)	182,624	713,829

(Continued)

BOROUGH OF HIGHSPIRE

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 MODIFIED CASH BASIS (Continued)
 Year Ended December 31, 2022

	Major Funds				Totals	Totals
	General Fund	Capital Reserve Fund	Stormwater Management Fund	Non-major Funds	2022	Summarized 2021
Other Financing Sources (Uses)						
Refund of prior year expenditures	46,340	-	5,273	-	51,613	161,315
Proceeds from financed purchase agreements	-	67,195	-	-	67,195	-
Authority rentals	-	-	(20,000)	-	(20,000)	(15,000)
Interfund transfers in	-	250,000	-	110,700	360,700	278,772
Interfund transfers out	(375,707)	-	-	-	(375,707)	(278,772)
Total other financing (uses) sources	(329,367)	317,195	(14,727)	110,700	83,801	146,315
Net changes in fund balance	74,248	194,852	39,977	(42,652)	266,425	860,144
Fund Balance:						
January 1, 2022	1,005,485	198,457	233,438	621,117	2,058,497	1,198,353
December 31, 2022	<u>\$ 1,079,733</u>	<u>\$ 393,309</u>	<u>\$ 273,415</u>	<u>\$ 578,465</u>	<u>\$ 2,324,922</u>	<u>\$ 2,058,497</u>

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2022**

Net Change in Fund Balance - Governmental Funds	\$ 266,425
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 Repayment of bonds, notes and financed purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and bond discount is amortized over the bond period.	 119,489
 Proceeds from financed purchase agreements payable	 <u>(67,195)</u>
 Change in net position of governmental activities	 <u><u>\$ 318,719</u></u>

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE**STATEMENT OF NET POSITION -
PROPRIETARY FUND - MODIFIED CASH BASIS
December 31, 2022**

	2022	Summarized 2021
Assets		
Cash	\$ 3,967,458	\$ 3,860,112
Due from other funds	6,338	-
Unamortized discount on bonds	27,864	30,960
Total assets	<u>4,001,660</u>	<u>3,891,072</u>
Deferred Outflows of Resources		
Deferred amounts related to refunding debts	102,392	115,029
Total assets and deferred outflows of resources	<u>\$ 4,104,052</u>	<u>\$ 4,006,101</u>
Liabilities		
Due to other funds	\$ 8,382	\$ 11,990
Due to other governments	212,707	201,394
Current portion of long-term debt	290,000	275,000
Total current liabilities	<u>511,089</u>	<u>488,384</u>
Noncurrent Liabilities		
Unamortized premium on bonds payable	35,851	39,625
General obligation bonds payable	2,830,000	3,120,000
Total noncurrent liabilities	<u>2,865,851</u>	<u>3,159,625</u>
Total liabilities	<u>3,376,940</u>	<u>3,648,009</u>
Net Position		
Unrestricted net position	727,112	358,092
Total net position	<u>727,112</u>	<u>358,092</u>
Total liabilities and net position	<u>\$ 4,104,052</u>	<u>\$ 4,006,101</u>

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND -
MODIFIED CASH BASIS
Year Ended December 31, 2022**

	2022	Summarized 2021
Operating Revenues		
Sewer rentals	\$ 1,194,443	\$ 1,222,924
Treatment charges	1,008,277	762,870
Total operating revenues	<u>2,202,720</u>	<u>1,985,794</u>
Operating Expenses		
Sanitary sewer collections	32,708	36,341
Sanitary sewer disposal	1,183,810	856,625
Administrative	606,776	779,976
Total operating expenses	<u>1,823,294</u>	<u>1,672,942</u>
Operating income	379,426	312,852
Nonoperating Revenues (Expenses)		
Interest income	34,239	1,049
Connection fees	1,950	2,550
General municipal pension system state aid	33,946	40,268
Miscellaneous	960	548
Refund of prior year expenses	21,077	74,069
Interest expense	(97,585)	(106,860)
Authority rentals	(20,000)	(40,000)
Interfund transfers in	15,007	-
Total nonoperating expenses	<u>(10,406)</u>	<u>(28,376)</u>
Changes in net position	369,020	284,476
Net Position:		
January 1, 2022	358,092	73,616
December 31, 2022	<u>\$ 727,112</u>	<u>\$ 358,092</u>

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
MODIFIED CASH BASIS
December 31, 2022**

	Pension and Employee Benefit		Totals	
	Police Pension Fund	Non-Uniformed Employees Pension Fund	2022	Summarized 2021
Assets				
Investments				
Unallocated separate accounts at fair value				
Fixed income securities:				
Domestic	\$ 1,358,014	\$ 704,412	\$ 2,062,426	\$ 2,371,015
Equities:				
International	528,552	298,170	826,722	1,143,782
Domestic	1,209,740	705,960	1,915,700	2,322,239
Other	271,965	147,883	419,848	399,749
Total investments	3,368,271	1,856,425	5,224,696	6,236,785
Total assets	\$ 3,368,271	\$ 1,856,425	\$ 5,224,696	\$ 6,236,785
Net position held in trust for pension benefits	\$ 3,368,271	\$ 1,856,425	\$ 5,224,696	\$ 6,236,785

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS - MODIFIED CASH BASIS**

Year Ended December 31, 2022

	Police Pension Fund	Non-Uniformed Employees Pension Fund	Totals	
			2022	Summarized 2021
Additions				
Contributions				
State aid	\$ 35,227	\$ 52,841	\$ 88,068	\$ 100,743
Contributions from employer	78,664	73,344	152,008	208,004
Contributions from employees	12,929	23,873	36,802	32,745
Investment income				
Net (depreciation) appreciation in fair value of investments	(637,849)	(329,589)	(967,438)	581,192
Total additions	(511,029)	(179,531)	(690,560)	922,684
Deductions				
Pension payments	221,521	60,946	282,467	297,098
Refund terminated member's contributions	-	5,483	5,483	-
Administrative expenses	5,875	5,925	11,800	11,750
Other expenses	11,096	10,683	21,779	23,001
Total deductions	238,492	83,037	321,529	331,849
Changes in net position	(749,521)	(262,568)	(1,012,089)	590,835
Net Position:				
January 1, 2022	4,117,792	2,118,993	6,236,785	5,645,950
December 31, 2022	\$3,368,271	\$ 1,856,425	\$5,224,696	\$6,236,785

See Notes to Financial Statements.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Activities:

The Borough of Highspire (the Borough), was organized on December 31, 1903. It is a governmental entity as established under Public Law 320, as amended, of the Commonwealth of Pennsylvania and has the powers of a body corporate as described in Pennsylvania statutes and the Borough Code.

The financial statements of the Borough of Highspire have been prepared in conformity with the Governmental Accounting Standards Board (GASB) No. 34 reporting model as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Borough also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Borough's accounting policies are described below.

Reporting Entity:

In evaluating how to define the Borough for financial reporting purposes, management has considered all potential component units. The Governmental Accounting Standards Board Statement (GASBS) No. 14 "The Financial Reporting Entity" as amended by GASBS No. 39 "Determining Whether Certain Organizations are Component Units" and GASBS No. 61 "The Financial Reporting Entity: Omnibus" established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability occurs if the primary government appoints a voting majority of the organization's governing body and is able to impose its will on that organization or there is a potential for financial benefits to, or specific financial burdens on, the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. In evaluating the Borough as a reporting entity, management has addressed all potential component units which may or may not fall within the Borough's financial accountability.

Specific information on the nature of the various potential component units and description of how the aforementioned criteria have been considered in determining whether or not to include such units in the Borough's financial statements are provided in the following paragraphs. Audit reports of the component units are available for public inspection in the Borough's office.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued):

Blended Component Unit

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are reported as part of the primary government. The component unit reported in this way is the following proprietary fund:

Borough of Highspire and the Township of Lower Swatara Joint Operation and Maintenance Account
(Joint O & M)

The Joint O & M was created on January 1, 1988, to administer the operations of the Borough's sewer plant which treats and disposes of sewage from both the Borough and the Township of Lower Swatara. The Borough manages the operations of the sewer plant and is responsible for fiscal matters related to its operations. Based upon the foregoing criteria, the financial transactions of the Joint O & M are included in the Borough's primary government financial statements under the proprietary fund type, Sewer Revenue Fund. Separate financial statements for the Joint O & M Account are available at the Borough office.

The Joint O & M reports on a calendar year basis.

Discretely Presented Component Unit

Component units not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component unit presented in this way is the following:

Highspire Borough Authority (Authority)

The Authority was created to administer bond issuances which provide funds for the construction of the Borough's sewer system and for subsequent improvements thereto. The Authority, under the terms of the lease agreement dated February 1, 1993, first supplemental lease agreement dated August 15, 1998, second supplemental lease agreement dated April 15, 2004, third supplemental lease agreement dated September 1, 2009, fourth supplemental lease agreement dated July 1, 2011, fifth supplemental lease agreement dated May 1, 2012, sixth supplemental lease agreement dated March 15, 2013, and seventh supplemental lease agreement dated June 2, 2016, leases the sewer system to the Borough.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued):

Highspire Borough Authority (Continued)

The Borough appoints the Authority's Board members and has guaranteed the bonded debt of the Authority. The Authority also provides funds for improvements to the Borough's sewer system by assessing tapping and connection fees. The Borough has also contributed monies to the Authority for sewer system improvements. These factors give the Borough financial accountability over the Authority. The Authority financial information presented in these financial statements is prepared using the cash basis of accounting. Separate financial statements for the Authority are available at the Borough office. The Authority operates on a calendar year basis.

Basis of Accounting:

The Borough of Highspire prepares its financial statements on the modified cash basis of accounting, which means that revenues and transfers in are not recorded in the accounts until cash is received, and expenditures or expenses (as appropriate) and transfers out are recorded only when cash is disbursed, except for funds due to other governmental units.

Basis of Presentation:

The Borough's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis display information about the Borough as a whole. These statements include the financial activities of the primary 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 Statement of Net Position - Modified Cash Basis present the financial condition of the governmental and business-type activities of the Borough at year-end. The Statements of Activities - Modified Cash Basis presents a comparison between direct expenses and program revenues for each program or function of the Borough's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Borough.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued):

Fund Financial Statements

During the year, the Borough segregates transactions related to certain Borough functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Borough at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting:

The Borough uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Borough are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Borough's major governmental funds:

- 1) General Fund: The general fund is the operating fund of the Borough and is used to account for all financial resources except those required to be accounted for in another fund.
- 2) Capital Reserve Fund: The capital reserve fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds).
- 3) Stormwater Management Fund: The stormwater management fund, a special revenue fund, accounts for the operation of the Borough's stormwater system and related expenses. This is financed primarily through user charges including residential and commercial.

Proprietary Fund Types

Proprietary funds focus on the determination of financial position and the changes in financial position. Proprietary funds are classified as enterprise or internal service; the Borough has no internal service funds. Proprietary fund operating revenues result from exchange transactions, such as charges for services. Any non-exchange transactions or ancillary activities are reflected as non-operating revenues.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued):

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. The only major enterprise fund of the Borough is the sewer revenue fund which accounts for the financial transactions related to sewer revenue operations.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds; investment trust funds; private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. The Borough has two trust funds, both of which relate to the retirement of the Borough's employees: the non-uniform employees' pension fund and the police pension fund.

Governmental Fund Balances:

The Borough has adopted GASBS No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, the fund balances of the governmental funds are classified as follows:

Nonspendable - represents amounts that cannot be spent either because they are in nonspendable form (such as inventory or prepaids) or because they are legally or contractually required to be maintained intact (such as notes receivable or principal of a permanent fund).

Restricted - represents amounts with external constraints placed on the use of these resources (such as grantors, bondholders and higher level of government) or imposed through constitutional provisions or enabling legislation.

Committed - represents amounts that can only be used for specific purposes imposed by a formal action of the Borough's highest level of decision making authority, the Borough Council. Committed resources cannot be used for any other purpose unless the Borough Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned - represents amounts the Borough intends to use for specific purposes as expressed by the Borough Council or an official delegated with the authority.

Unassigned - represents amounts that are available for any purpose, reported only in the general fund.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances (Continued):

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

Measurement Focus and Basis of Accounting:

The government-wide, government fund, proprietary and fiduciary fund financial statements are reported using the current resources measurement focus and the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid, except for due to and from other governmental units. Property taxes are recognized as revenues in the year for which they are received. Grants and similar items are recognized as revenue when received. Net position (total assets less total liabilities) is used as a practical measure of current resources and the operating statement includes all transactions and events that increased or decreased net position.

The Borough reports nineteen non-major governmental funds:

Highway Aid Fund	WWII Memorial Fund
Flood Control Fund	Police Grant Fund
DARE Fund	Highway Department Building Fund
Disaster Recovery Fund	Traffic Signal Fund
Fire Truck Fund	Municipal Services and Maintenance Fund
DCED Grant Fund	Equipment Vehicle and Property Fund
Holiday Decoration Fund	Debt Service Fund
Recreation Fund	Community Watch Fund
DCNR Grant Fund	American Rescue Plan Fund
Highspire Happenings Fund	

The Borough has no non-major proprietary funds.

The Borough has the following fiduciary funds:

- Police Pension Fund
- Non-uniformed Employees' Pension Fund

Capital Assets: The Borough has not maintained a record of the historical cost or estimated cost of its capital assets. Accordingly, the property and equipment owned by the Borough is not included in these financial statements and no depreciation has been included on the property and equipment.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Debt: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental or business type activity columns in the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accumulated Vacation and Sick Pay:

Vacation leave is granted according to the employee contract. Contractual provisions with personnel require payments (subject to certain limitations) for unused accumulated vacation days at termination or retirement.

Sick leave is granted as appropriate according to the employee contract. Contractual provisions with personnel require payments (subject to certain limitations) for unused accumulated sick days at retirement. Due to the strict limitations and undeterminable probability of payment, these potential accumulated benefits are not included in these financial statements.

Budgets and Budgetary Accounting:

The Borough of Highspire uses these procedures in establishing the budgetary data reflected in these financial statements:

An operating budget is adopted each year for the General and Sewer Revenue Funds on a modified cash basis of accounting.

Adoption of the budget by Borough Council constitutes appropriations for the expenditures for the fiscal year. Under the Home Rule Charter, the expenditure budget may be amended by Borough Council after a public hearing, provided that such amendment shall not result in expenditures exceeding estimated revenue determined at the time of the amendment. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

Within the budgeted funds, the Manager is authorized to transfer budgeted amounts between departments provided that such transfers do not alter total expenditures approved by the Borough Council or exceed estimated revenues. Therefore, the measurement level of control over expenditures in these funds is the surplus or deficit of the fund as a whole. Operating departments are charged with the maintenance of the budget for the department as a whole; however, operating departments may exceed the appropriation with Manager approval.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property Tax Calendar: Real estate taxes are levied on January 1, of each year and become due and payable on February 1. All taxes levied on January 1, become delinquent on December 31, and are turned over for collection to the Dauphin County Tax Claim Bureau in January of the following year. Uncollected real estate taxes are attached as an enforceable lien on the property when recorded by the Tax Claim Bureau.

Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting may require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data: Certain comparative total data for prior years has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and results of operations. This prior year summarized comparative information is not presented in the level of detail required for presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Borough's financial statements for the year ended December 31, 2021, from which the summarized information was derived. Not all statements include comparative data because inclusion would make those statements unduly complex and difficult to understand. Certain reclassifications have been made to prior year summarized comparative information to conform with current year presentation.

Subsequent Events: In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through June 12, 2023, the date the financial statements were available to be issued.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized types including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Borough adheres to the state statutes and prudent business practice. The Borough believes there were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

Deposits:

Custodial Credit Risk: All of the Borough's cash deposits are either insured or collateralized. Custodial credit risk is the risk that the Borough's deposits may not be recoverable in the event of a depository institution failure. The Borough does not have a formal policy regarding custodial credit risk for deposits. However, they require all deposits in excess of FDIC insurance coverage to be collateralized by the depository institution with approved collateral as provided by law. At December 31, 2022, the Borough had deposit balances in the amount of \$2,846,225, of which \$250,000 was insured and \$2,596,225 was collateralized with securities held by the bank's agent in a collateral pool. The Borough is exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the Borough's name.

Cash equivalents were with Pennsylvania Local Government Investment Trust (PLGIT) in the amount of \$3,603,899. PLGIT, an external investment pool, carried a credit rating of AAAM by Standard & Poor's as of December 31, 2022. These deposits are invested by PLGIT directly in portfolios of securities which are held by a third-party custodian. Since PLGIT is acting in a fiduciary capacity for the Borough and recognizes the Borough as the pledge of collateral securities, these deposits are considered to be held by the agent in the Borough's name.

Investments:

The only investments the Borough has are fiduciary in nature in regard to the pension plans of the Borough which are administered by the Principal Financial Group. The plans have no policy regarding credit risk. The plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciary Investment Act. The following table lists the individual investments and for debt securities the average maturity and credit rating:

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

	Fair Value	Average Maturity (in years)	Average Credit Quality
Fixed Income Investments			
High Income Separate Account	\$ 170,833	2.37	B
Bond Market Index Separate Account	443,563	6.34	AAA
Core Fixed Income Separate Account	1,448,030	6.04	AAA
Total fixed income investments	<u>2,062,426</u>		
Equity Investments			
International	826,722		
Domestic	1,915,700		
Total equity investments	<u>2,742,422</u>		
Other	419,848		
Total investments	<u>\$ 5,224,696</u>		

Custodial Credit Risk - As of December 31, 2022, and throughout the year, the investments held by the plan in Insurance Company Separate Accounts were not exposed to custodial credit risk.

Interest Rate Risk - The plan has no formal investment policy that limits its exposure to fair value losses arising from increasing interest rates.

Foreign Currency Risk - As of December 31, 2022, and throughout the year, the investments held by the plan in Insurance Company Separate Accounts were not exposed to foreign currency risk.

Derivatives - Insurance Company Separate Accounts may use derivatives as part of their investment strategy. These accounts are commingled pools, rather than individual securities.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk - There is no limit on the amount the plans may invest in any one issuer. More than 5% of the plans' investments are in the following accounts:

	Percent of Total Investments
Bond Market Index Separate Account	8.49%
Equity Income Separate Account	13.01%
LargeCap Growth I Separate Account	12.52%
LargeCap S&P 500 Index Separate Account	5.62%
U.S. Property Separate Account	8.04%
Core Fixed Income Separate Account	27.72%
Diversified International Separate Account	8.01%

Component Unit

Custodial Credit Risk: All of the Authority's cash deposits are either insured or collateralized. Custodial credit risk is the risk that the Authority's deposits may not be recoverable to it in the event of a depository institution failure. The Authority does not have a formal policy regarding custodial credit risk for deposits. However, they require all deposits in excess of FDIC insurance coverage to be collateralized by the depository institution with approved collateral as provided by law. At December 31, 2022, the Authority had deposit balances in the amount of \$654,975 of which \$250,000 was covered by federal depository insurance and \$404,975 was collateralized under Act No. 72. The Authority is exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the Authority's name.

Cash Equivalents: The Authority's cash equivalents are with Pennsylvania Local Government Investment Trust (PLGIT). PLGIT, an external investment pool, carried a credit rating of AAAM by Standard & Poor's as of December 31, 2022, and a balance of \$52,199 at December 31, 2022. These monies which have the characteristics of cash are invested by PLGIT directly in portfolios of securities which are held by a third-party custodian. Since PLGIT is acting in a fiduciary capacity for the Authority and recognizes the Authority as the pledge of the collateral securities, these cash equivalents are considered to be held by the agent in the Authority's name.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 3. Contingent Liabilities

School Renovation Grant/Loan

During 1991, the Borough received a \$200,000 loan and a \$5,000 grant from the Commonwealth of Pennsylvania Department of Community Affairs for the conversion of the vacant Highspire Elementary School into low and moderate income apartments by the Highspire School Apartments Associates. In accordance with the terms of the agreements, the Borough loaned \$200,000 to the Highspire School Apartments Associates to be applied to the project costs. The remaining \$5,000 was applied towards administrative and audit costs incurred by the Borough.

Terms of the promissory note call for all principal and interest to be payable the earlier of sale or refinancing of the project property, or the end of the twenty-fifth year of operation of the project. Commencing on the first day of the sixtieth month following completion of the project, interest will accrue at 1% of the outstanding principal balance. In January 2012, the loan was refinanced and extended for thirty years.

The Borough of Highspire holds a third mortgage subordinate in lien priority to a first and second mortgage to the Pennsylvania Housing Finance Agency. As of December 31, 2022, the balance outstanding on this loan is \$200,000. The Borough of Highspire does not include this loan on its financial statements as a loan receivable from Highspire School Apartment Associates or as a loan payable to the Commonwealth of Pennsylvania, since loan payments are to be made by the Highspire School Apartment Associates directly to the Commonwealth of Pennsylvania Department of Community Affairs on behalf of the Borough of Highspire.

State and Federal Grant Programs

The Borough participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Borough, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Compliance with the Clean Water Act

In April 2010, the Borough was notified by the United States Environmental Protection Agency of potential violations of the Pennsylvania National Pollutant Discharge Elimination System for storm-water discharges into the municipal sewer systems and the Clean Water Act. The Borough was given one hundred twenty days to bring the Borough into compliance with the Clean Water Act. Failure to timely comply with the requirements of the Act could result in fines issued by the EPA. The Borough with its engineers timely filed a response with the EPA and no further communication has been received by the Borough.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 3. Contingent Liabilities (Continued)

Grantor on Mid Penn Bank Loan

On July 29, 2015, the Borough signed on as a Grantor of a loan for the Citizens Fire Company No. 1 of Highspire through Mid Penn Bank. The \$40,000 loan funds are collateralized by fire equipment which is owned by the Borough and leased to the Fire Company. In the opinion of the Borough, there are no significant contingent liabilities relating to the Borough's grantor status; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Lower Swatara Township Complaint

On June 22, 2018, Lower Swatara Township and the Municipal Authority of Lower Swatara Township (collectively, "Lower Swatara") filed a Complaint with the Dauphin County Court of Common Pleas alleging the Borough of Highspire and the Highspire Borough Authority have breached the Transportation and Treatment Agreement entered into by the parties on or about August 1, 1986, (the "Agreement"), that have caused various harms to Lower Swatara. More specifically, the Complaint alleges causes of action based on breach of contract, conversion and unjust enrichment. Lower Swatara further seeks an accounting of expenses and allocations as well as a determination that the Agreement can be terminated by either party upon providing notice.

The Borough has yet to formally respond to the Complaint, having received extensions from Lower Swatara to file a response. The parties are in discussions on narrowing down some of the matters alleged as well as whether to remove the case to be heard by an arbitration panel. Lower Swatara is seeking damages in excess of \$500,000.

Irrespective of whether the matter proceeds in court or in arbitration, the Borough intends to vigorously defend itself. With only the Complaint having been filed it is too early to make any determination on the likelihood of an unfavorable outcome or an estimate or range of potential loss.

Note 4. General Fund Long-Term Debt

A summary of long-term debt is as follows:

	January 1, 2022	Increases	Decreases	December 31, 2022
General Obligation Bonds				
Series of 2016	\$ 285,000	\$ -	\$ 95,000	\$ 190,000
Total bonds and notes payable	285,000	-	95,000	190,000
Financed purchase agreements payable	25,710	67,195	25,710	67,195
Total governmental activities long-term liabilities	\$ 310,710	\$ 67,195	\$ 120,710	\$ 257,195

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 4. General Fund Long-Term Debt (Continued)

The aggregate debt service requirements for all long-term debt borrowings, as of December 31, 2022, are as follows:

Year ending December 31:	Principal	Interest	Total Debt Service
2023	\$ 95,000	\$ 2,580	\$ 97,580
2024	95,000	680	95,680
	<u>\$ 190,000</u>	<u>\$ 3,260</u>	<u>\$ 193,260</u>

General Obligation Bonds, Series of 2016

The Borough of Highspire, on June 2, 2016, authorized the issuance of General Obligation Bonds, Series of 2016, in the principal amount of \$780,000. The proceeds of the bond issued were to be used for (1) refunding the remaining balance in the amount of \$730,000 of General Obligation Bonds, Series of 2011 and (2) costs, fees and expenses with respect to the issuing of the bonds; The bonds are due serially on August 15, with interest payable semi-annually and principal maturities as follows:

Year ending December 31:	Interest Rate	Amount
2023	2.000%	\$ 95,000
2024	2.000%	95,000
		<u>\$ 190,000</u>

Financed Purchase Agreements Payable

During 2022, the Borough entered into a lease agreement for the purchase of a new highway truck. The related agreements qualify as a financed purchase agreements payable, and accordingly, these transactions are recorded at the present values of related future, minimum lease payments as of the inception date. The financed purchase agreements payable are funded by the Capital Reserve Fund.

The following is a schedule of the future minimum-lease payments due under the lease-purchase obligations as of December 31, 2022:

Year	Amount
2023	\$ 19,500
2024	19,500
2025	19,500
2026	19,500
Total minimum lease payments	<u>78,000</u>
Less amount representing interest	<u>(10,805)</u>
Total present value of net minimum lease payments	<u>\$ 67,195</u>

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 5. Sewer Revenue Fund

Operation and Maintenance of Sewage Treatment Plant

On January 1, 1988, the Borough of Highspire and the Township of Lower Swatara entered into an agreement to jointly share the costs of operating and maintaining the Borough's sewage treatment plant. The municipalities have elected to operate under this arrangement since the Township does not have its own sewage treatment facility and the Borough has excess capacity. According to the terms of the agreement, operating and maintenance costs are being allocated 36% to the Borough of Highspire and 64% to the Township of Lower Swatara.

Intergovernmental Payable: Per the agreement stated above, as of December 31, 2022, the Sewer Revenue Fund includes a balance due to the Township of Lower Swatara of \$212,707.

Lease Rental Payments to Highspire Borough Authority

Under terms of the lease agreement dated February 1, 1993, first supplemental lease agreement dated August 15, 1998, second supplemental lease agreement dated April 15, 2004, third supplemental lease agreement dated September 1, 2009, fourth supplemental agreement of lease dated July 1, 2011, fifth supplemental agreement of lease dated May 1, 2012, sixth supplemental agreement of lease dated March 26, 2013, and seventh supplemental agreement of lease dated June 2, 2016.

Under terms of the lease agreement dated June 2, 2016, the Borough is obligated to pay the Authority minimum net rentals for each lease year through December 31, 2035, as follows:

1. A net rental for administrative expenses of \$20,000 payable in two equal installments of \$10,000 by February 15 and August 15. \$40,000 was paid in 2022.
2. As additional rental payments, any monies on hand in the Borough's Sewer Revenue Fund at December 31, which exceed the Borough's Sewer Revenue Fund operating budget for the next succeeding year, are payable to the Authority within 45 days after the end of each lease year. No excess lease rentals were made to the Authority in 2022.

General Obligation Bonds

On June 2, 2016, the Borough issued General Obligation Bonds, Series of 2016, in the principal amount of \$1,195,000. The proceeds were to be used to (1) redeem the remaining outstanding General Obligation Bonds, Series of 2011, in the amount of \$1,085,000, (2) capitalize interest on a portion of the Bonds and (3) pay the costs of issuing the bonds.

On December 5, 2019, the Borough issued General Obligation Bonds, Series of 2019, in the principal amount of \$2,675,000. The proceeds were to be used to (1) currently refund all of the Borough's outstanding General Obligation Bonds, Series of 2012, in the principal amount of \$605,000, (2) currently refund all of the Borough's outstanding General Obligation Bonds, Series of 2013, in the principal amount of \$2,000,000 and (3) pay related costs and expenses, including the costs of issuing and insuring the Bonds.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 5. Sewer Revenue Fund (Continued)

General Obligation Bonds (Continued)

A summary of changes in the Sewer Revenue Fund's long-term debt is as follows:

General Obligation Bonds	January 1, 2022	Increases	Decreases	December 31, 2022
2016	\$ 1,185,000	\$ -	\$ 10,000	\$ 1,175,000
2019	2,210,000	-	265,000	1,945,000
	\$ 3,395,000	\$ -	\$ 275,000	\$ 3,120,000

The annual requirements to amortize all debt outstanding as of December 31, 2021, including principal and interest, are as follows:

Year ending December 31:	Principal	Interest	Total Debt Service
2023	\$ 290,000	\$ 75,950	\$ 365,950
2024	300,000	64,450	364,450
2025	320,000	56,800	376,800
2026	320,000	50,256	370,256
2027	325,000	43,156	368,156
2028-2032	1,565,000	97,222	1,662,222
	\$ 3,120,000	\$ 387,834	\$ 3,507,834

General Obligation Bonds, Series of 2016, due serially on August 15, with interest payable semi-annually and principal maturities as follows:

Year ending December 31:	Interest Rate	Amount
2023	2.000%	\$ 15,000
2024	2.000%	15,000
2025	2.125%	155,000
2026	2.375%	160,000
2027	2.375%	155,000
2028	2.625%	165,000
2029	2.625%	165,000
2030	2.625%	170,000
2031	2.625%	175,000
		\$ 1,175,000

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 5. Sewer Revenue Fund (Continued)

General Obligation Bonds (Continued)

General Obligation Bonds, Series of 2019, due serially on February 15, with interest payable semi-annually and principal maturities as follows:

<u>Year ending December 31:</u>	<u>Interest Rate</u>	<u>Amount</u>
2023	4.000%	\$ 275,000
2024	4.000%	285,000
2025	2.000%	165,000
2026	2.000%	160,000
2027	2.000%	170,000
2028	2.000%	170,000
2029	2.250%	175,000
2030	2.250%	180,000
2031	2.375%	180,000
2032	2.375%	185,000
		<u>\$ 1,945,000</u>

Retained Earnings (Deficit)

The General Obligation Bonds, Series 2009 and the General Obligation Bonds, Series 2011 were issued for the Authority's construction and improvements and the proceeds have been contributed to the Authority for that purpose. The General Obligation Bonds, Series 2016, and the General Obligation Bonds, Series 2019 were issued to refund existing bonds. Since the Borough incurred the debt to fund the Authority's construction and improvements and since the property and equipment are not reported as assets of the Borough on the modified cash basis of accounting, the net position of the Borough's Sewer Revenue Fund reflects a deficit.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 6. Highspire Borough Authority

The Highspire Borough Authority acquires, constructs, improves and equips the sewer system and sewer-related facilities for public purposes and leases the sewer system to the Borough of Highspire. Financing is normally accomplished through the issuance of sewer revenue bonds under the provisions of trust indentures which are collateralized by a lease with the Borough. The lease provides that the Borough will pay scheduled net rentals to the Authority. Such rentals are sufficient to provide, at a minimum, the funds needed to redeem the bonds and interest coupons on their due dates. The lease provides that, in the event the Authority either retires all of its outstanding obligations pertinent to the leased sewer system or accumulates sufficient reserves to cover such obligations, no subsequently scheduled rental payments need be made by the Borough, except for administrative expenses. The Act under which the Authority was created provides that it may then convey title to the sewer system to the Borough, if the Borough formally indicates a desire to acquire it.

The sewage collection system property constructed and equipped by the Authority is operated and maintained by the Borough of Highspire under a lease agreement dated February 1, 1993, and supplemental lease agreements dated August 15, 1998, April 15, 2004, September 1, 2009, July 1, 2011, May 1, 2012, March 15, 2013 and June 2, 2016. Terms of this lease agreement have been outlined in Note 5c.

The lease agreement, dated February 1, 1993, between the Authority and the Borough specifies that all assets in the Borough's Sewer Revenue Fund are pledged by the Borough for the prompt and full satisfaction of the Authority's obligations.

Note 7. Police Pension Plan

Plan Description

The Borough maintains a single employer defined benefit pension plan for police employees controlled by the provisions of Ordinance No. 489 adopted pursuant to Act 600. The plan is governed by the Borough which may amend plan provisions, and which is responsible for the management of plan assets. The Borough has delegated the authority to manage certain plan assets to Principal Life Insurance Company.

The Borough filed actuarial valuation report Form 201C with the Public Employees Retirement Commission. The report dated January 1, 2021, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Uniform employees.

Benefits provided

The benefit provisions of the plan provide retirement, disability and death benefits to plan members and their beneficiaries.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. Police Pension Plan (Continued)

Plan Membership

For the 2022 measurement period, Police Pension Plan membership consisted of the following:

	Amount
Active plan members	4
Retirees and beneficiaries currently receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	1
	<u>10</u>

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligations (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing documents, employees are required to contribute 3% of compensation to the plan. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2022, were as follows:

	Amount
Total pension liability (TPL)	\$ 4,124,719
Plan fiduciary net position	3,368,271
Net pension liability	<u>\$ 756,448</u>
Plan fiduciary net position as a percentage of the TPL	81.7%

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. Police Pension Plan (Continued)

Actuarial Assumptions: An actuarial valuation of the total pension liability is performed biannually. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ending December 31, 2022. This report was based upon the plan's actuarial assumptions, asset valuation method and cost method described below.

Salary increases	6.00% increase each year until retirement
Investment return assumption	7.75% compounded annually, net of expenses
Marital status	100% married males assumed 3 years older than females

Mortality rates were based on the PubS-2010 projected 5 years past the valuation date using Scale MP-2020.

Administrative expense assumption is based upon the expected expenses for the current year.

Actuarial Cost Method: Entry age is defined as attained age less credited service. The normal cost rate is derived as a level percent of future compensation of current employees, on an individual basis. This rate is applied to the projected payroll and projected employee contributions are deducted. Actuarial gains (or losses), including the effect of account forfeitures, are reflected by decreased (or increases) in the unfunded actuarial liability.

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability Sensitivity

The following sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 1,189,512	\$ 756,448	\$ 390,978

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. Police Pension Plan (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability and net pension liability as of measurement date:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balances at December 31, 2021	\$ 3,990,634	\$ 4,117,792	\$ (127,158)
Service cost	50,966	-	50,966
Interest cost	304,640	-	304,640
Contributions			
Employer	-	78,664	(78,664)
State Aid	-	35,227	(35,227)
Member	-	12,929	(12,929)
Net investment income	-	(648,945)	648,945
Benefit payments	(221,521)	(221,521)	-
Administrative expense	-	(5,875)	5,875
Net changes	134,085	(749,521)	883,606
Balances at December 31, 2022	\$ 4,124,719	\$ 3,368,271	\$ 756,448

Pension Expense for Fiscal Year Ended December 31, 2022

The annual pension expense recognized can be calculated two different ways. First it is the change in net pension liability plus the changes in deferred outflows and deferred inflows plus employer contributions. Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown below, it may help the user to understand the level and volatility of pension expense:

	Amount
Service cost	\$ 50,966
Interest on total pension liability	304,640
Differences between expected and actual experience	(52,107)
Change in assumptions	11,732
Employee contributions	(12,929)
Projected earnings on pension plan investments	(313,025)
Net difference between projected and actual earning on pension plan investments	169,838
Administrative expense	5,875
	<u>\$ 164,990</u>

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 7. Police Pension Plan (Continued)

Deferred Outflows and Inflows of Resources

At December 31, 2022, the deferred outflows of resources and deferred inflows of resources related to pension expense were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (192,141)
Change in assumptions	35,076	-
Net difference between projected and actual earnings on pension plan investments	602,375	-
	<u>\$ 637,451</u>	<u>\$ (192,141)</u>

The amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year	Amount
2023	\$ 37,308
2024	97,940
2025	126,685
2026	183,377
	<u>\$ 445,310</u>

The recognition period for experience and assumptions change gains/losses is 5 years.

Note 8. Non-Uniformed Pension Plan

Plan Description

The Borough maintains a single employer defined benefit pension plan for non-uniformed employees controlled by the provisions of Ordinance No. 490. The Plan is governed by the Borough which may amend plan provisions, and which is responsible for the management of plan assets. The Borough has delegated the authority to manage certain plan assets to Principal Life Insurance Company.

The Borough filed actuarial valuation report Form 203C with the Municipal Pension Reporting Program. The report dated January 1, 2021, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for non-uniform employees.

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 8. Non-Uniformed Pension Plan (Continued)

Benefits Provided

The benefit provisions of the plan provide retirement, disability and death benefits to plan members and their beneficiaries.

Plan Membership

For the 2022 measurement period, Non-Uniformed Pension Plan membership of the Plan consisted of the following:

	Amount
Active plan members	13
Retirees and beneficiaries currently receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	4
	<u>24</u>

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligations (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing documents, employees are required to contribute 3% of compensation to the Plan. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Net pension liability

The components of the net pension liability of the municipality as of December 31, 2022, were as follows:

	Amount
Total pension liability (TPL)	\$ 2,425,688
Plan fiduciary net position	1,856,425
Net pension liability	<u>\$ 569,263</u>
Plan fiduciary net position as a percentage of the TPL	76.5%

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 8. Non-Uniformed Pension Plan (Continued)

Actuarial Assumptions: An actuarial valuation of the total pension liability is performed biannually. The total pension liability was determined as part of the actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ending December 31, 2022. This report was based upon the plan's actuarial assumptions, asset valuation method and cost method described below.

Salary increases	6.00% increase each year until retirement
Investment rate of return	7.75% compounded annual, net of expenses
Marital status	100% married males assumed 3 years older than females

Mortality rates were based on the PubG-2010 Mortality scale projected 5 years past the valuation date using Scale MP-2020.

The actuarial assumptions used in the valuation for the 2022 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

Actuarial Cost Method: Entry age is defined as attained age less credited service. The normal cost rate is derived as a level percent of future compensation of current employees, on an individual basis. This rate is applied to the projected payroll and projected employee contributions are deducted. Actuarial gains (or losses), including the effect of account forfeitures, are reflected by decreased (or increases) in the unfunded actuarial liability.

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability Sensitivity: The following sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 847,435	\$ 569,263	\$ 331,839

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 8. Non-Uniformed Pension Plan (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability and net pension liability as of the measurement date:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balances at December 31, 2020	\$ 2,194,535	\$ 2,118,993	\$ 75,542
Service cost	120,724	-	120,724
Interest cost	176,858	-	176,858
Contributions			
Employer	-	73,344	(73,344)
State Aid	-	52,841	(52,841)
Member	-	23,873	(23,873)
Net investment income	-	(340,272)	340,272
Benefit payments	(66,429)	(66,429)	-
Administrative expense	-	(5,925)	5,925
Net changes	231,153	(262,568)	493,721
Balances at December 31, 2021	\$ 2,425,688	\$ 1,856,425	\$ 569,263

Pension Expense for Fiscal Year Ended December 31, 2022

The annual pension expense recognized can be calculated two different ways. First it is the change in net pension liability plus the changes in deferred outflows and deferred inflows plus employer contributions. Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown below, it may help the user to understand the level and volatility of pension expense:

	Amount
Service cost	\$ 120,724
Interest on total pension liability	176,858
Differences between expected and actual experience	(37,843)
Change in assumptions	19,124
Employee contributions	(23,873)
Projected earnings on pension plan investments	(164,788)
Net difference between projected and actual earning on pension plan investments	90,386
Administrative expense	5,925
	<u>\$ 186,513</u>

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 8. Non-Uniformed Pension Plan (Continued)

At December 31, 2022, the deferred outflows of resources and deferred inflows of resources related to pension were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (139,144)
Change in assumptions	41,333	-
Net difference between projected and actual earnings on pension plan investments	331,565	-
	<u>\$ 372,898</u>	<u>\$ (139,144)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year	Amount
2023	\$ 31,872
2024	45,588
2025	60,164
2026	96,130
	<u>\$ 233,754</u>

The recognition period for experience and assumptions change gains/losses is 5 years.

Note 9. Required Individual Fund Disclosures

The general fund had the following functions, with an excess of expenditures over appropriations for the year ended December 31, 2022:

Fund	Budgeted Expenditures	Actual Expenditures	Excess of Actual over Budgeted Expenditures
Public safety			
Police protection	\$ 859,139	\$ 966,216	\$ (107,077)
Fire protection	75,546	88,141	(12,595)
Protective inspection	54,995	62,506	(7,511)
Public works - solid waste collection and disposal	352,532	353,719	(1,187)
Public works - highways and streets	310,025	344,154	(34,129)

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 10. Interfund Receivables and Payables and Transfers

Interfund receivables and payables resulting from items paid or received by the general fund on behalf of the other funds and state aid for pension trust funds received by the general fund and transferred after year end.

Interfund balances and transfers at December 31, 2022, were as follows:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 7,779	\$ 6,338
Stormwater Management Fund	3,426	2,823
Proprietary Funds		
Sewer Fund	6,338	8,382
	<u>\$ 17,543</u>	<u>\$ 17,543</u>

Transfers reflect budgeted transfers and reimbursements of expenses paid by the indicated fund on behalf of the other fund.

	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ -	\$ 375,707
Capital Reserve Fund	250,000	-
Non-major Governmental Funds		
Fire Truck Escrow Fund	7,500	-
Flood Control Fund	500	-
Holiday Decoration Fund	2,000	-
Debt Service Fund	100,700	-
Proprietary Funds		
Sewer Fund	35,007	20,000
	<u>\$ 395,707</u>	<u>\$ 395,707</u>

BOROUGH OF HIGHSPIRE

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits

Effective January 1, 2009, the Borough began offering post-retirement medical benefits for retired officers with 25 years of full-time service with the Borough's police department who have attained 50 years of age. The Borough will pay 75 percent of the officer and spouse health insurance premium from date of retirement until the date the officer becomes Medicare eligible. The retired officer must first look to their or their spouse's current employer, if applicable, for medical benefits. Effective January 1, 2010, non-uniformed employees are offered, upon retirement, the opportunity to receive medical coverage for the employee and spouse at the employee's expense until age 62 or whenever Medicare eligible. The Borough has not adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. This Statement requires certain supplemental information regarding funding progress, employer contributions and disclosures regarding actuarial assumptions, as well as recognition of other postemployment benefit costs. Accordingly, no liability has been recognized in these financial statements. As of December 31, 2022, one retired employee qualified for benefits. The Borough's expense related to OPEB was \$25,214 for the year ended December 31, 2022.

SUPPLEMENTARY INFORMATION

BOROUGH OF HIGHSPIRE

**SCHEDULES OF CHANGES IN NET PENSION LIABILITY -
POLICE PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 50,966	\$ 48,081	\$ 64,530	\$ 60,877	\$ 90,649	\$ 85,518	\$ 93,603	\$ 88,305	\$ 74,767
Interest (includes interest on service cost)	304,640	294,996	297,713	287,591	286,190	267,982	243,182	222,327	203,104
Differences between expected and actual experience	-	(215,661)	-	(137,670)	-	51,216	-	(34,529)	-
Changes of assumptions	-	56,334	-	-	-	6,623	-	119,887	-
Benefit payments, including refunds of member contributions	(221,521)	(221,521)	(221,521)	(221,521)	(161,129)	(86,238)	(46,833)	(46,833)	(46,833)
Net change in total pension liability	134,085	(37,771)	140,722	(10,723)	215,710	325,101	289,952	349,157	231,038
Total pension liability - beginning	3,990,634	4,028,405	3,887,683	3,898,406	3,682,696	3,357,595	3,067,643	2,718,486	2,487,448
Total pension liability - ending	<u>\$ 4,124,719</u>	<u>\$ 3,990,634</u>	<u>\$ 4,028,405</u>	<u>\$ 3,887,683</u>	<u>\$ 3,898,406</u>	<u>\$ 3,682,696</u>	<u>\$ 3,357,595</u>	<u>\$ 3,067,643</u>	<u>\$ 2,718,486</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 78,664	\$ 118,587	\$ 116,929	\$ 119,571	\$ 125,720	\$ 98,684	\$ 100,260	\$ 86,147	\$ 81,860
Contributions - state aid	35,227	38,378	49,238	61,446	56,212	55,059	52,496	47,050	46,472
Contributions - member	12,929	14,178	12,526	15,219	19,200	19,830	19,798	19,009	18,529
Net investment (loss) income	(648,945)	377,452	395,943	527,246	(175,009)	390,001	123,242	(30,182)	103,313
Benefit payments, including refunds of member contributions	(221,521)	(221,521)	(221,521)	(221,521)	(161,129)	(86,238)	(46,833)	(46,833)	(46,833)
Administrative expense	(5,875)	(5,875)	(4,625)	(6,625)	(6,375)	(5,875)	(5,875)	(5,875)	(5,375)
Net Change in Plan Fiduciary Net Position	(749,521)	321,199	348,490	495,336	(141,381)	471,461	243,088	69,316	197,966
Plan net position - beginning	4,117,792	3,796,593	3,448,103	2,952,767	3,094,148	2,622,687	2,379,599	2,310,283	2,112,317
Plan net position - ending	<u>\$ 3,368,271</u>	<u>\$ 4,117,792</u>	<u>\$ 3,796,593</u>	<u>\$ 3,448,103</u>	<u>\$ 2,952,767</u>	<u>\$ 3,094,148</u>	<u>\$ 2,622,687</u>	<u>\$ 2,379,599</u>	<u>\$ 2,310,283</u>
Plan's Net Pension Liability (Asset)	<u>\$ 756,448</u>	<u>\$ (127,158)</u>	<u>\$ 231,812</u>	<u>\$ 439,580</u>	<u>\$ 945,639</u>	<u>\$ 588,548</u>	<u>\$ 734,908</u>	<u>\$ 688,044</u>	<u>\$ 408,203</u>
Covered Employee Payroll	<u>\$ 396,990</u>	<u>\$ 397,442</u>	<u>\$ 496,603</u>	<u>\$ 616,150</u>	<u>\$ 624,567</u>	<u>\$ 625,991</u>	<u>\$ 617,029</u>	<u>\$ 589,123</u>	<u>\$ 540,027</u>
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	<u>190.55%</u>	<u>-31.99%</u>	<u>46.68%</u>	<u>71.34%</u>	<u>151.41%</u>	<u>94.02%</u>	<u>119.10%</u>	<u>116.79%</u>	<u>75.59%</u>

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Schedule:

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8% to 7.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the Pubs-2010 projected 5 years past 2021 valuation date using MP-2020.

BOROUGH OF HIGHSPIRE

**SCHEDULES OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 113,891	\$ 156,965	\$ 166,167	\$ 181,017	\$ 181,932	\$ 153,743	\$ 152,756	\$ 133,197	\$ 128,332	\$ 108,942
Contributions in relation to the actuarially determined contribution	113,891	156,965	166,167	181,017	181,932	153,743	152,756	133,197	128,332	108,942
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 396,990	\$ 397,442	\$ 496,603	\$ 616,150	\$ 624,567	\$ 625,991	\$ 617,029	\$ 589,123	\$ 540,027	\$ 537,394
Contributions as a percentage of covered - employee payroll	28.69%	39.49%	33.46%	29.38%	29.13%	24.56%	24.76%	22.61%	23.76%	20.27%

Notes to Schedule:

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8% to 7.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past 2021 valuation date using MP-2020.

BOROUGH OF HIGHSPIRE

**SCHEDULES OF INVESTMENT RETURNS
POLICE PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	-16.15%	10.19%	11.80%	18.34%	-5.72%	14.99%	5.19%	-1.29%	4.92%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

BOROUGH OF HIGHSPIRE

**SCHEDULES OF CHANGES IN NET PENSION LIABILITY
NON-UNIFORMED EMPLOYEES PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 120,724	\$ 113,891	\$ 115,535	\$ 108,995	\$ 87,288	\$ 82,347	\$ 53,127	\$ 50,120	\$ 46,620
Interest (includes interest on service cost)	176,858	160,562	153,910	138,138	128,835	115,844	107,436	97,907	77,709
Differences between expected and actual experience	-	(174,553)	-	(76,212)	-	(52,973)	-	122,976	-
Changes of assumptions	-	57,485	-	-	-	4,186	-	64,272	-
Benefit payments, including refunds of member contributions	(66,429)	(75,577)	(54,231)	(46,110)	(37,035)	(33,986)	(31,030)	(25,116)	(21,141)
Net change in total pension liability	231,153	81,808	215,214	124,811	179,088	115,418	129,533	310,159	103,188
Total pension liability - beginning	2,194,535	2,112,727	1,897,513	1,772,702	1,593,614	1,478,196	1,348,663	1,038,504	935,316
Total pension liability - ending	\$ 2,425,688	\$ 2,194,535	\$ 2,112,727	\$ 1,897,513	\$ 1,772,702	\$ 1,593,614	\$ 1,478,196	\$ 1,348,663	\$ 1,038,504
Plan Fiduciary Net Position									
Contributions - employer	\$ 73,344	\$ 89,418	\$ 78,073	\$ 61,703	\$ 66,645	\$ 45,826	\$ 44,950	\$ 29,930	\$ 23,712
Contributions - state aid	52,841	62,365	64,010	66,567	56,213	55,059	48,121	39,208	42,600
Contributions - member	23,873	18,566	21,829	20,957	19,821	17,266	16,531	15,095	14,888
Net investment (loss) income	(340,272)	180,889	185,054	222,792	(76,432)	143,438	40,481	(17,467)	31,525
Benefit payments, including refunds of member contributions	(66,429)	(75,577)	(54,231)	(46,110)	(37,035)	(33,986)	(31,030)	(25,116)	(21,141)
Administrative expense	(5,925)	(6,025)	(4,625)	(7,125)	(5,915)	(5,875)	(5,875)	(5,875)	(5,375)
Net change in plan fiduciary net position	(262,568)	269,636	290,110	318,784	23,297	221,728	113,178	35,775	86,209
Plan net position - beginning	2,118,993	1,849,357	1,559,247	1,240,463	1,217,166	995,438	882,260	846,485	760,276
Plan net position - ending	\$ 1,856,425	\$ 2,118,993	\$ 1,849,357	\$ 1,559,247	\$ 1,240,463	\$ 1,217,166	\$ 995,438	\$ 882,260	\$ 846,485
Plan's net pension liability	\$ 569,263	\$ 75,542	\$ 263,370	\$ 338,266	\$ 532,239	\$ 376,448	\$ 482,758	\$ 466,403	\$ 192,019
Covered Employee Payroll	\$ 754,943	\$ 806,304	\$ 720,620	\$ 656,479	\$ 606,736	\$ 610,294	\$ 509,856	\$ 526,569	\$ 487,580
Net Pension Liability as a Percentage of Covered Employee Payroll	75.40%	9.37%	36.55%	51.53%	87.72%	61.68%	94.69%	88.57%	39.38%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Schedule:

Assumption changes: In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8% to 7.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020.

BOROUGH OF HIGHSPIRE

**SCHEDULES OF EMPLOYER CONTRIBUTIONS
NON-UNIFORMED EMPLOYEES PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 126,185	\$ 151,783	\$ 142,083	\$ 128,270	\$ 122,858	\$ 100,885	\$ 93,071	\$ 69,138	\$ 66,312	\$ 49,433
Contributions in relation to the actuarially determined contribution	126,185	151,783	142,083	128,270	122,858	100,885	93,071	69,138	66,312	49,433
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 754,943	\$ 806,304	\$ 720,620	\$ 656,479	\$ 606,736	\$ 610,294	\$ 509,856	\$ 526,569	\$ 487,580	\$ 469,153
Contributions as a percentage of covered - employee payroll	16.71%	18.82%	19.72%	19.54%	20.25%	16.53%	18.25%	13.13%	13.60%	10.54%

Notes to Schedule:

Assumption changes: In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8% to 7.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020.

BOROUGH OF HIGHSPIRE

**SCHEDULES OF INVESTMENT RETURNS
NON-UNIFORMED EMPLOYEES PENSION FUND**

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	-16.07%	9.87%	11.89%	17.85%	-6.23%	14.45%	4.63%	-2.03%	4.19%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

BOROUGH OF HIGHSPIRE

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS
Year Ended December 31, 2022**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis	
	Original	Final		
Revenues				
Real estate taxes	\$ 1,585,215	\$ 1,585,215	\$ 1,417,816	\$ (167,399)
Occupation taxes	110,500	110,500	257,807	147,307
Earned income taxes	225,000	225,000	316,757	91,757
Per capita taxes	5,575	5,575	8,370	2,795
Local service taxes	10,000	10,000	14,058	4,058
Realty transfer taxes	30,000	30,000	77,680	47,680
Permits, fees and licenses	37,975	37,975	47,838	9,863
Fines and forfeits	17,650	17,650	18,033	383
Interest and rents	500	500	5,680	5,180
Intergovernmental revenues	112,612	112,612	66,841	(45,771)
Charges for services	343,244	343,244	374,424	31,180
Miscellaneous revenues	25,000	25,000	393	(24,607)
Total revenues	2,503,271	2,503,271	2,605,697	102,426
Expenditures				
General government				
Administration	530,708	530,708	246,812	283,896
Tax collection	9,952	9,952	4,373	5,579
Borough building	62,510	62,510	27,623	34,887
Public safety				
Police protection	859,139	859,139	966,216	(107,077)
Fire protection	75,546	75,546	88,141	(12,595)
Ambulance protection	11,515	11,515	11,515	-
Protective inspection	54,995	54,995	62,506	(7,511)
Emergency management	2,375	2,375	1,435	940
Public works - solid waste collection and disposal				
	352,532	352,532	353,719	(1,187)
Public works - highways and streets				
	310,025	310,025	344,154	(34,129)
Culture and recreation				
	52,515	52,515	46,719	5,796
Insurance				
	57,212	57,212	48,869	8,343
Total expenditures	2,379,024	2,379,024	2,202,082	176,942
Excess of revenues over expenditures	124,247	124,247	403,615	279,368
Other Financing Sources (Uses)				
Refund of prior year expenditures	-	-	46,340	46,340
Interfund transfers in	50,000	50,000	-	(50,000)
Interfund transfers out	(174,247)	(174,247)	(375,707)	(201,460)
Total other financing uses	(124,247)	(124,247)	(329,367)	(205,120)
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 74,248	\$ 74,248

BOROUGH OF HIGHSPIRE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS -
MODIFIED CASH BASIS
Year Ended December 31, 2022**

	Non-Major Funds			Totals	
	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	2022	Summarized 2021
Revenues					
Interest and rents	\$ 2,916	\$ 2,451	\$ -	\$ 5,367	\$ 135
Intergovernmental revenues	202,445	-	-	202,445	445,442
Contribution and donations	-	15,533	-	15,533	11,048
Miscellaneous revenues	1,649	3,134	-	4,783	23,560
Total revenues	207,010	21,118	-	228,128	480,185
Expenditures					
Public safety					
Police protection	-	413	-	413	-
Public works					
Highways and streets	137,338	140,485	-	277,823	64,072
Storm water management and flood control	-	-	-	-	127,986
Culture and recreation	-	2,544	-	2,544	857
Debt service - principal	-	-	95,000	95,000	95,000
Debt service - interest	-	-	5,700	5,700	7,600
Total expenditures	137,338	143,442	100,700	381,480	295,515
Excess (deficiency) of revenues over expenditures	69,672	(122,324)	(100,700)	(153,352)	184,670
Other Financing Sources					
Interfund transfers in	500	9,500	100,700	110,700	145,148
Changes in fund balances	70,172	(112,824)	-	(42,652)	329,818
Fund Balances:					
January 1, 2022	325,382	295,735	-	621,117	291,299
December 31, 2022	\$ 395,554	\$ 182,911	\$ -	\$ 578,465	\$ 621,117

BOROUGH OF HIGHSPIRE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES NON-MAJOR SPECIAL REVENUE FUNDS -
MODIFIED CASH BASIS**

Year Ended December 31, 2022

	Highway Aid Fund	Flood Control Fund	DARE Fund	American Rescue Plan Fund	Totals	
					2022	Summarized 2021
Revenue						
Interest and rents	\$ 535	\$ 15	\$ -	\$ 2,366	\$ 2,916	\$ 113
Intergovernmental revenue	77,470	-	-	124,975	202,445	304,957
Miscellaneous	1,649	-	-	-	1,649	5
Total revenues	79,654	15	-	127,341	207,010	305,075
Expenditures						
General government						
Public works						
Highways and streets	66,425	-	76	70,837	137,338	43,543
Storm water management and flood control	-	-	-	-	-	127,986
Total expenditures	66,425	-	76	70,837	137,338	171,529
Excess (deficiency) of revenues over expenditures	13,229	15	(76)	56,504	69,672	133,546
Other Financing Sources						
Interfund transfers in	-	500	-	-	500	18,043
Total other financing sources	-	500	-	-	500	18,043
Changes in fund balances	13,229	515	(76)	56,504	70,172	151,589
Fund Balances:						
January 1, 2022	200,101	1,009	76	124,196	325,382	173,793
December 31, 2022	\$ 213,330	\$ 1,524	\$ -	\$ 180,700	\$ 395,554	\$ 325,382

BOROUGH OF HIGHSPIRE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS - MODIFIED CASH BASIS
Year Ended December 31, 2022**

	Disaster Recovery Fund	Fire Truck Fund	DCNR Grant Fund	DCED Grant Fund	Holiday Decoration Fund	Recreation Fund	WW II Memorial Fund	Police Grant Fund	Highway Department Building Fund	Traffic Signal Fund	Municipal Services & Maintenance Fund	Equipment Vehicle & Property Fund	Community Watch Fund	Highspire Happenings Fund	Totals	
															2022	Summarized 2021
Revenues																
Interest and rents	\$ 5	\$ 724	\$ -	\$ 240	\$ 42	\$ 56	\$ 127	\$ 100	\$ 215	\$ 41	\$ 2	\$ 897	\$ -	\$ 2	\$ 2,451	\$ 22
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,485
Contributions and donations	-	7,500	-	-	-	-	125	1,200	-	-	-	-	-	6,708	15,533	11,048
Miscellaneous revenues	-	-	-	1,712	-	-	-	-	-	-	-	1,422	-	-	3,134	23,555
Total revenues	5	8,224	-	1,952	42	56	252	1,300	215	41	2	2,319	-	6,710	21,118	175,110
Expenditures																
Public safety																
Police protection	-	-	-	-	-	-	-	413	-	-	-	-	-	-	413	-
Public works																
Highways and streets	-	-	-	140,485	-	-	-	-	-	-	-	-	-	-	140,485	20,529
Culture and recreation																
Parks - equipment and supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	2,426	2,426	507
Holiday decorations	-	-	-	-	118	-	-	-	-	-	-	-	-	-	118	350
Total expenditures	-	-	-	140,485	118	-	-	413	-	-	-	-	-	2,426	143,442	21,386
Excess (deficiency) of revenues over expenditures	5	8,224	-	(138,533)	(76)	56	252	887	215	41	2	2,319	-	4,284	(122,324)	153,724
Other Financing Sources																
Interfund transfers in	-	7,500	-	-	2,000	-	-	-	-	-	-	-	-	-	9,500	24,505
Total other financing sources	-	7,500	-	-	2,000	-	-	-	-	-	-	-	-	-	9,500	24,505
Change in fund balances	5	15,724	-	(138,533)	1,924	56	252	887	215	41	2	2,319	-	4,284	(112,824)	178,229
Fund Balances:																
January 1, 2022	380	44,758	2	150,765	2,999	3,887	8,696	1,121	14,893	2,867	111	62,185	326	2,745	295,735	117,506
December 31, 2022	\$ 385	\$ 60,482	\$ 2	\$ 12,232	\$ 4,923	\$ 3,943	\$ 8,948	\$ 2,008	\$ 15,108	\$ 2,908	\$ 113	\$ 64,504	\$ 326	\$ 7,029	\$ 182,911	\$ 295,735

BOROUGH OF HIGHSPIRE

SCHEDULES OF REVENUES - GENERAL FUND

MODIFIED CASH BASIS

Years Ended December 31, 2022 and 2021

	2022	2021
Real Estate Taxes		
Current	\$ 1,242,469	\$ 1,263,745
Prior	52,300	71,941
Delinquent	123,047	247,857
Total real estate taxes	\$ 1,417,816	\$ 1,583,543
Act 511 Taxes		
Occupation taxes		
Current	\$ 72,087	\$ 78,427
Prior	16,866	9,850
Delinquent	168,854	99,145
Total occupation taxes	257,807	187,422
Earned income taxes		
Current	316,757	267,533
Total earned income taxes	316,757	267,533
Per capita taxes:		
Current	2,456	1,986
Prior	590	349
Delinquent	5,324	3,334
Total per capita taxes	8,370	5,669
Local services taxes	14,058	12,553
Realty transfer taxes	77,680	61,491
Total Act 511 taxes	\$ 674,672	\$ 534,668
Permits, Fees and Licenses		
Pavilion permits	\$ 1,435	\$ 1,485
Business licenses	486	651
Cable franchise fees	42,292	46,744
Street openings	3,625	4,125
Total permits, fees and licenses	\$ 47,838	\$ 53,005
Fines and Forfeits		
Vehicle code violations	\$ 16,202	\$ 17,180
Violation of ordinances	1,831	1,229
Total fines and forfeits	\$ 18,033	\$ 18,409

(Continued)

BOROUGH OF HIGHSPIRE

SCHEDULES OF REVENUES - MODIFIED CASH BASIS

GENERAL FUND (Continued)

Years Ended December 31, 2022 and 2021

	2022	2021
Interest and Rents		
Interest	\$ 5,680	\$ 614
Total interest and rents	\$ 5,680	\$ 614
Intergovernmental Revenues		
CARES Grants	\$ -	\$ 2,779
Public utility realty tax	-	1,838
Highway and streets	-	5,612
Alcohol beverage tax	2,059	-
General municipal pension system state aid	-	55,917
Foreign fire insurance premium tax	52,045	9,524
Payment in lieu of taxes	12,737	-
Total intergovernmental revenues	\$ 66,841	\$ 75,670
Charges for services		
Zoning and subdivision fees	\$ 2,580	\$ 2,872
Sale of accident reports	585	510
Police	30,924	29,713
Building permits	27,742	24,597
Trash and garbage collection	312,593	298,569
Total charges for services	\$ 374,424	\$ 356,261
Miscellaneous revenues	\$ 393	\$ 305
Total miscellaneous revenues	\$ 393	\$ 305
Other Financing Sources		
Refund of prior year expenditures	\$ 46,340	\$ 153,474
Total other financing sources	\$ 46,340	\$ 153,474

BOROUGH OF HIGHSPIRE

**SCHEDULES OF EXPENDITURES - GENERAL FUND
MODIFIED CASH BASIS
Years Ended December 31, 2022 and 2021**

	2022	2021
General Government		
Administration		
Salaries - council and mayor (1/2 alloc. to Sewer Rev. Fund)	\$ 3,900	\$ 3,900
Salary - borough manager (1/2 alloc. to Sewer Rev. Fund)	34,303	33,303
Salary - secretary (1/2 alloc. to Sewer Rev. Fund)	30,792	21,530
Group insurance	52,881	45,976
Payroll taxes	5,545	3,863
Pension	17,302	19,007
Auditing and accounting services	21,570	21,180
Legal services	13,404	28,770
Engineering fees	14,472	13,716
Payroll services	1,939	2,427
Office materials and supplies	14,536	16,613
Communications	6,664	6,530
Advertising and printing	13,941	5,340
Other administrative expenses	11,261	8,304
Insurance	4,302	2,188
Total administration	246,812	232,647
Tax collection		
Salary - tax collector	3,600	7,293
Payroll taxes	230	459
Other expenses of tax collection	543	542
Total tax collection	4,373	8,294
Borough building		
Building supplies	1,652	2,645
Fuel, light and water	9,172	10,159
Building repairs and maintenance	16,799	24,701
Insurance	-	7,989
Total Borough building	27,623	45,494
Total general government	\$ 278,808	\$ 286,435

(Continued)

BOROUGH OF HIGHSPIRE

SCHEDULES OF EXPENDITURES - MODIFIED CASH BASIS

GENERAL FUND (Continued)

Years Ended December 31, 2022 and 2021

	2022	2021
Public Safety		
Police protection		
Salary - chief	\$ 34,302	\$ 33,303
Salaries - police officers	524,409	520,103
Salary - secretary	7,229	6,780
Group insurance	172,507	168,005
Payroll taxes	45,291	45,119
Pension	113,891	156,965
Professional services	3,235	3,243
Uniforms	1,749	1,790
Materials and supplies	14,709	8,180
Vehicles repair and maintenance	3,194	1,952
Gas and oil	12,463	6,857
Communications	4,850	6,431
Other expenses	18,274	27,753
Insurance	8,748	8,571
Capital purchases - computer equipment	1,365	2,474
Total police protection	966,216	997,526
Fire protection		
Insurance	22,746	19,493
Hydrant rentals	12,671	12,613
Workers' compensation insurance	10,850	12,273
Contribution to volunteer fire company	29,137	24,000
Foreign fire insurance distribution	12,737	9,524
Total fire protection	88,141	77,903
Ambulance protection		
Contribution - ambulance	11,515	11,515
Total ambulance protection	11,515	11,515
Protective inspection		
Engineering fees	56,068	37,721
Other expenses	6,438	5,226
Total protective inspection	62,506	42,947

(Continued)

BOROUGH OF HIGHSPIRE

SCHEDULES OF EXPENDITURES - MODIFIED CASH BASIS

GENERAL FUND (Continued)

Years Ended December 31, 2022 and 2021

	2022	2021
Emergency management		
General expense	1,435	3,580
Total emergency management	1,435	3,580
Total public safety	\$ 1,129,813	\$ 1,133,471
Public Works		
Sanitation		
Contracted solid waste collection and disposal services	\$ 353,719	\$ 314,511
Total sanitation	353,719	314,511
Highways and streets		
Salaries and wages	186,887	144,811
Group insurance	76,104	81,244
Payroll taxes	14,965	12,688
Pension contribution	28,654	25,087
Uniforms	3,470	1,349
Materials and supplies	2,318	1,949
Equipment repairs and maintenance	18,972	6,716
Vehicle operating expense	12,571	13,295
Road construction	213	-
Total highways and streets	344,154	287,139
Total public works	\$ 697,873	\$ 601,650
Culture and Recreation		
Utilities	\$ 2,132	\$ 2,480
Other	44,587	42,188
Environmental advisory board	-	297
Total culture and recreation	\$ 46,719	\$ 44,965
Insurance	\$ 48,869	\$ 39,428
Total insurance	\$ 48,869	\$ 39,428
Interfund Operating Transfers	\$ 375,707	\$ 261,729
Total interfund operating transfers	\$ 375,707	\$ 261,729

BOROUGH OF HIGHSPIRE

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - SEWER REVENUE FUNDS -
MODIFIED CASH BASIS
Year Ended December 31, 2022**

	Sewer Operation & Maintenance Accounts	Sewer Revenue Accounts	Sewer Reserve Accounts	Eliminating Adjustments	Total 2022	Summarized 2021
Operating Revenues						
Sewer rentals						
Highspire user charges	\$ -	\$ 1,194,443	\$ -	\$ -	\$ 1,194,443	\$ 1,222,924
Treatment charges:						
Lower Swatara Twp. - O and M Agreement	1,008,277	-	-	-	1,008,277	762,870
Highspire Borough - O and M Agreement	573,520	-	-	(573,520)	-	-
Total operating revenues	1,581,797	1,194,443	-	(573,520)	2,202,720	1,985,794
Operating Expenses						
Sanitary sewage collection						
Salaries and wages	-	22,244	-	-	22,244	22,318
Clean lines	-	10,464	-	-	10,464	14,023
Total sanitary sewage collection	-	32,708	-	-	32,708	36,341
Sanitary sewer disposal						
Salaries and wages	383,850	-	-	-	383,850	327,953
Materials and supplies	119,716	-	-	-	119,716	98,100
Laboratory	38,678	-	-	-	38,678	40,920
Fuel and utilities	114,330	-	-	-	114,330	109,577
Repairs and maintenance	366,554	-	-	-	366,554	167,759
Vehicle operating expense	10,325	-	-	-	10,325	13,646
Sludge disposal	126,988	-	-	-	126,988	88,305
Capital purchase	15,533	-	-	-	15,533	6,634
Other expenses	7,836	-	-	-	7,836	3,731
Total sanitary sewage disposal	1,183,810	-	-	-	1,183,810	856,625

(Continued)

BOROUGH OF HIGHSPIRE

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - SEWER REVENUE FUNDS -
MODIFIED CASH BASIS (Continued)
Year Ended December 31, 2022**

	Sewer Operation and Maintenance Accounts	Sewer Revenue Accounts	Sewer Reserve Accounts	Eliminating Adjustments	Total 2022	Summarized 2021
Administrative						
Salaries and wages	47,944	51,844	-	-	99,788	86,297
Office supplies and expenses	11,524	21,185	-	-	32,709	29,917
Communications	6,587	-	-	-	6,587	5,676
Printing and postage	-	4,561	-	-	4,561	3,473
Accounting services	2,250	-	-	-	2,250	2,112
Auditing services	8,988	5,393	-	-	14,381	14,120
Engineering services	675	-	-	-	675	4,006
Legal services	1,189	40,795	-	-	41,984	227,920
Pension and other benefits	255,789	48,990	-	-	304,779	310,801
Payroll taxes	33,284	5,691	-	-	38,975	37,216
Insurance	56,642	3,445	-	-	60,087	58,438
Total administrative	424,872	181,904	-	-	606,776	779,976
Total operating expenses	1,608,682	214,612	-	-	1,823,294	1,672,942
Operating (loss) income	(26,885)	979,831	-	(573,520)	379,426	312,852

(Continued)

BOROUGH OF HIGHSPIRE

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - SEWER REVENUE FUNDS -
MODIFIED CASH BASIS (Continued)
Year Ended December 31, 2022**

	Sewer Operation and Maintenance Accounts	Sewer Revenue Accounts	Sewer Reserve Accounts	Eliminating Adjustments	Total 2022	Summarized 2021
Nonoperating Revenues (Expenses)						
Interest income	1,030	7,598	25,611	-	34,239	1,049
Connection fees	-	1,950	-	-	1,950	2,550
General municipal pension system state aid	30,183	3,763	-	-	33,946	40,268
Miscellaneous	960	-	-	-	960	548
Refund of prior year expenses	21,077	-	-	-	21,077	74,069
Interest expense	-	(97,585)	-	-	(97,585)	(106,860)
Authority rentals	-	(20,000)	-	-	(20,000)	(40,000)
Interfund transfers	(20,000)	(568,513)	30,000	573,520	15,007	-
Total nonoperating revenues (expenses)	33,250	(672,787)	55,611	573,520	(10,406)	(28,376)
Changes in net position	6,365	307,044	55,611	-	369,020	284,476
Net Position:						
January 1, 2022	338,593	(1,755,302)	1,774,801	-	358,092	73,616
December 31, 2022	<u>\$ 344,958</u>	<u>\$ (1,448,258)</u>	<u>\$ 1,830,412</u>	<u>\$ -</u>	<u>\$ 727,112</u>	<u>\$ 358,092</u>

BOROUGH OF HIGHSPIRE

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
 PROPRIETARY FUND - MODIFIED CASH BASIS
 Year Ended December 31, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Sewer rentals	\$1,169,764	\$1,169,764	\$1,194,443	\$ 24,679
Treatment charges	1,593,110	1,593,110	1,008,277	(584,833)
Total operating revenues	2,762,874	2,762,874	2,202,720	(560,154)
Operating Expenses				
Sanitary sewer collection	46,697	46,697	32,708	13,989
Sanitary sewer disposal	1,522,144	1,522,144	1,183,810	338,334
Administrative	581,589	581,589	606,776	(25,187)
Total operating expenses	2,150,430	2,150,430	1,823,294	327,136
Operating income (loss)	612,444	612,444	379,426	(233,018)
Nonoperating Revenues (Expenses)				
Interest income	3,150	3,150	34,239	31,089
Connection fees	-	-	1,950	1,950
General municipal pension system state aid	-	-	33,946	33,946
Miscellaneous	-	-	960	960
Refund of prior year expenses	-	-	21,077	21,077
Interest expense	-	-	(97,585)	(97,585)
Authority rentals	-	-	(20,000)	20,000
Interfund transfers	(615,417)	(615,417)	15,007	(630,424)
Total nonoperating expenses	(612,267)	(612,267)	(10,406)	(618,987)
Changes in net position	\$ 177	\$ 177	\$ 369,020	\$ (852,005)

BOROUGH OF HIGHSPIRE

**SCHEDULE OF TAX, ASH AND GARBAGE COLLECTIONS -
GENERAL FUND - MODIFIED CASH BASIS
Year Ended December 31, 2022**

	Real Estate Tax	Ash and Garbage Charges
Original assessment	\$ 73,923,700	\$ 1,039
Additions	-	-
Deletions	(158,400)	-
Net assessment	<u>\$ 73,765,300</u>	<u>\$ 1,039</u>
Tax rates	<u>19.00 mills</u>	<u>\$ 334</u>
Net assessed tax	<u>1,401,541</u>	<u>347,026</u>
Discounts allowed	(21,805)	(5,331)
Direct billings	-	-
Penalties collected	4,585	1,035
Net tax due Borough	<u>1,384,321</u>	<u>342,730</u>
Amount received by Borough	(1,242,469)	(303,085)
Returned to deputy tax collector:		
Tax Claims Bureau	(94,894)	(24,048)
Deputy collector	-	-
Uncollected balance as of December 31, 2022	<u>\$ 46,958</u>	<u>\$ 15,597</u>

BOROUGH OF HIGHSPIRE

SCHEDULES OF REVENUES AND EXPENDITURES - GENERAL FUND -
FOR THE LAST TEN YEARS - MODIFIED CASH BASIS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Real estate taxes	\$ 1,417,816	\$ 1,583,540	\$ 1,404,776	\$ 1,410,746	\$ 1,382,606	\$ 1,425,578	\$ 1,385,203	\$ 1,319,829	\$ 1,221,282	\$ 1,143,870
Occupation and per capita taxes	266,177	193,090	133,848	100,150	53,996	45,300	56,558	75,946	86,963	105,730
Earned income taxes	316,757	267,533	253,049	256,474	246,205	238,952	232,570	228,989	229,202	241,143
Local services taxes	14,058	12,553	12,781	14,495	11,808	14,434	9,909	8,775	13,695	9,394
Realty transfer taxes	77,680	61,491	36,598	29,346	27,484	82,226	24,977	13,803	15,907	52,281
Permits, fees and licenses	47,838	53,006	46,698	49,835	52,696	53,656	51,747	52,312	53,281	49,903
Fines and forfeits	18,033	18,409	12,929	24,272	19,851	29,611	34,601	41,138	34,884	43,698
Interest and rents	5,680	616	944	2,605	2,112	1,113	732	190	168	174
Intergovernmental revenues	66,841	75,670	107,957	95,355	86,895	86,271	713,625	340,601	380,493	87,182
Charges for services	374,424	356,262	320,330	332,781	243,030	243,989	222,495	223,577	226,707	221,871
Miscellaneous revenue	393	305	93	100	-	1	5	437	12	-
Total revenues	2,605,697	2,622,475	2,330,003	2,316,159	2,126,683	2,221,131	2,732,422	2,305,597	2,262,594	1,955,246
Expenditures										
General government	278,808	286,436	363,246	304,557	292,945	232,280	221,199	231,965	245,869	226,178
Public safety										
Police protection	966,216	997,525	972,239	1,065,294	1,068,352	1,047,402	1,081,295	1,020,033	1,061,976	961,902
Fire protection	88,141	77,903	76,576	80,736	83,515	66,884	85,040	81,005	115,822	76,374
Ambulance protection	11,515	11,515	11,515	11,515	11,515	11,515	11,515	11,515	11,515	11,515
Protective inspection	62,506	42,947	20,619	51,520	32,504	23,092	24,268	29,008	31,504	31,954
Emergency management	1,435	3,580	1,394	2,549	2,735	3,561	1,851	2,160	2,239	2,319
Public works										
Solid waste collection and disposal	353,719	314,511	296,880	285,840	229,501	225,487	207,934	203,197	202,367	205,211
Highways and streets	344,154	287,139	279,769	284,561	272,386	288,312	294,058	420,968	250,321	290,253
Culture and recreation	46,719	44,965	40,242	43,537	24,478	27,748	20,678	16,837	22,657	10,921
Community development	-	-	-	-	-	-	625,139	110,582	267,418	-
Debt service	-	-	-	-	-	8,806	8,806	8,874	8,738	6,081
Insurance	48,869	39,428	39,392	37,674	34,609	32,971	35,529	39,131	35,964	21,027
Total expenditures	2,202,082	2,105,949	2,101,872	2,167,783	2,052,540	1,968,058	2,617,312	2,175,275	2,256,390	1,843,735
Excess of revenues over expenditures	\$ 403,615	\$ 516,526	\$ 228,131	\$ 148,376	\$ 74,143	\$ 253,073	\$ 115,110	\$ 130,322	\$ 6,204	\$ 111,511

**SCHEDULES OF REVENUES AND EXPENDITURES - GENERAL FUND -
FOR THE LAST TEN YEARS - MODIFIED CASH BASIS (Continued)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Other Financing Sources (Uses)										
Refund of prior years revenues	-	-	(1,250)	-	(5,231)	-	-	-	(169)	-
Refund of prior years expenditures	46,340	153,474	60,903	27,942	21,274	53,051	33,570	65,170	18,779	48,687
Proceeds from the sale of fixed assets	-	-	-	133	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	55,742
Inception of installment purchase option	-	-	-	-	-	-	-	-	-	13,168
Transfers to other funds	(375,707)	(261,729)	(146,655)	(147,900)	(139,390)	(146,110)	(107,764)	(141,584)	(123,894)	(131,298)
Total other financing uses	(329,367)	(108,255)	(87,002)	(119,825)	(123,347)	(93,059)	(74,194)	(76,414)	(105,284)	(13,701)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 74,248	\$ 408,271	\$ 141,129	\$ 28,551	\$ (49,204)	\$ 160,014	\$ 40,916	\$ 53,908	\$ (99,080)	\$ 97,810

BOROUGH OF HIGHSPIRE

**SUPPLEMENTARY SCHEDULE OF STATISTICAL INFORMATION
FOR THE LAST TEN YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Assessed valuation of property	\$ 73,765,300	\$ 73,825,000	\$ 74,062,741	\$ 74,598,700	\$ 74,839,083	\$ 75,194,234	\$ 75,344,620	\$ 75,129,500	\$ 75,133,600	\$ 75,169,500
Tax rate (in mills)	19.000	19.000	19.000	18.500	18.500	18.500	18.500	17.500	15.800	14.950
Gross taxes levied	1,401,541	1,402,675	1,407,192	1,380,076	1,384,523	1,391,093	1,393,875	1,314,078	1,187,125	1,123,884
Real estate tax collected currently	1,242,469	1,263,745	1,202,919	1,204,204	1,186,717	1,218,428	1,206,394	1,133,170	1,039,431	956,832
Ratio of long term debt to assessed value	0.35%	0.42%	0.58%	0.73%	0.86%	0.85%	0.98%	0.99%	1.11%	1.20%
Ratio of debt service on long term debt to general fund expenditures	5.79%	6.14%	6.00%	4.93%	4.17%	5.37%	4.87%	6.10%	5.91%	7.26%