

**BOROUGH OF FOUNTAIN HILL**

**Financial Statements,  
Independent Auditor's Report  
and Supplementary Information**

**December 31, 2023**

**BOROUGH OF FOUNTAIN HILL  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council  
Borough of Fountain Hill  
Fountain Hill, PA

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Fountain Hill, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough of Fountain Hill's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Fountain Hill as of December 31, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Borough of Fountain Hill and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Basis of Accounting*

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

### ***Adjustments to Prior Period Financial Statements***

As discussed in Note 15 to the financial statements, the Borough has restated its 2022 financial statements during the current year for the correction of a material misstatement. Our opinion is 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 2, 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Borough of Fountain Hill'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 Borough of Fountain Hill'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.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Fountain Hill's basic financial statements. Management's budgetary comparison, pension schedules, and combining schedules on pages 45-54 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 relate 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 budgetary comparison, pension schedules, and combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024 on our consideration of Borough of Fountain Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Borough of Fountain Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Fountain Hill's internal control over financial reporting and compliance.

*Cory Bell, Rappold & Yamasita LLP*

April 15, 2024

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 5,475,393	\$ 2,366,566	\$ 7,841,959
Internal Balances	8,851	-	8,851
<b>Total Current Assets</b>	<u>5,484,244</u>	<u>2,366,566</u>	<u>7,850,810</u>
<b>Noncurrent Assets:</b>			
Land	899,842	-	899,842
Buildings and Improvements	2,378,413	9,956,613	12,335,026
Machinery and Equipment	307,747	223,858	531,605
Vehicles	1,849,623	-	1,849,623
Infrastructure	6,485,320	-	6,485,320
Accumulated Depreciation	<u>(3,700,619)</u>	<u>(8,492,640)</u>	<u>(12,193,259)</u>
<b>Total Noncurrent Assets</b>	<u>8,220,326</u>	<u>1,687,831</u>	<u>9,908,157</u>
<b>TOTAL ASSETS</b>	<u>13,704,570</u>	<u>4,054,397</u>	<u>17,758,967</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Credit Card Payable	88,637	-	88,637
Accrued Expenses	4,517	-	4,517
Internal Balances	8,381	470	8,851
Current Portion of Long-Term Debt	<u>73,362</u>	<u>-</u>	<u>73,362</u>
<b>Total Current Liabilities</b>	<u>174,897</u>	<u>470</u>	<u>175,367</u>
<b>Noncurrent Liabilities:</b>			
Long-Term Debt	<u>274,635</u>	<u>-</u>	<u>274,635</u>
<b>Total Noncurrent Liabilities</b>	<u>274,635</u>	<u>-</u>	<u>274,635</u>
<b>TOTAL LIABILITIES</b>	<u>449,532</u>	<u>470</u>	<u>450,002</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	7,872,329	1,687,831	9,560,160
Restricted for:			
Capital Projects	811,521	-	811,521
Special Revenue	585,694	-	585,694
Unrestricted	<u>3,985,494</u>	<u>2,366,096</u>	<u>6,351,590</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,255,038</u>	<u>\$ 4,053,927</u>	<u>\$ 17,308,965</u>

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

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
General Government	\$ 466,778	\$ 9,830	\$ 3,069	\$ 610	\$ (453,269)	\$ -	\$ (453,269)
Public Safety	1,552,364	51,512	24,811	-	(1,476,041)	-	(1,476,041)
Health and Human Services	1,440	-	-	-	(1,440)	-	(1,440)
Public Works - Highways and Streets	477,351	-	128,213	1,379,615	1,030,477	-	1,030,477
Public Works - Other Services	16,368	-	-	-	(16,368)	-	(16,368)
Culture and Recreation	169,699	2,890	-	-	(166,809)	-	(166,809)
Insurance and Employee Benefits	1,043,663	-	174,837	-	(868,826)	-	(868,826)
Interest on Long-Term Debt	13,042	-	-	-	(13,042)	-	(13,042)
Depreciation Expense - Unallocated	345,925	-	-	-	(345,925)	-	(345,925)
<b>Total Governmental Activities</b>	<b>4,086,630</b>	<b>64,232</b>	<b>330,930</b>	<b>1,380,225</b>	<b>(2,311,243)</b>	<b>-</b>	<b>(2,311,243)</b>
<b>Business Type Activities:</b>							
Sewer	1,238,382	1,367,109	-	-	-	128,727	128,727
Health and Sanitation	731,541	659,410	-	-	-	(72,131)	(72,131)
Stormwater	108,662	225,295	-	-	-	116,633	116,633
<b>Total Business-Type Activities</b>	<b>2,078,585</b>	<b>2,251,814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,229</b>	<b>173,229</b>
<b>Total Primary Government</b>	<b>\$ 6,165,215</b>	<b>\$ 2,316,046</b>	<b>\$ 330,930</b>	<b>\$ 1,380,225</b>	<b>\$ (2,311,243)</b>	<b>\$ 173,229</b>	<b>\$ (2,138,014)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, levied for general purposes, net					\$ 2,088,307	\$ -	\$ 2,088,307
Property Taxes, levied for fire protection, net					18,396	-	18,396
Property Taxes, levied for library protection, net					91,980	-	91,980
Other Taxes, levied for general purposes, net					1,282,565	-	1,282,565
Licenses and Permits					75,705	-	75,705
Fines and Forfeitures					44,077	-	44,077
Miscellaneous Income					188,005	-	188,005
Interest and Rental Income					330,728	67,930	398,658
Transfers In/(Out)					-	-	-
<b>Total General Revenues, Special Items, Extraordinary Items, and Transfers</b>					<b>4,119,763</b>	<b>67,930</b>	<b>4,187,693</b>
<b>Change in Net Position</b>					<b>1,808,520</b>	<b>241,159</b>	<b>2,049,679</b>
<b>Net Position - Beginning, As Restated (Note 15)</b>					<b>11,446,518</b>	<b>3,812,768</b>	<b>15,259,286</b>
<b>Net Position - Ending</b>					<b>\$ 13,255,038</b>	<b>\$ 4,053,927</b>	<b>\$ 17,308,965</b>

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



**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES –**  
**MODIFIED CASH BASIS – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	Major Funds		Non-Major Funds		
	General	Capital Reserve	Special Revenue	Capital Project	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,086,559	\$ 788,578	\$ 577,313	\$ 22,943	\$ 5,475,393
Due from Other Funds	470	-	8,381	-	8,851
<b>TOTAL ASSETS</b>	<u>\$ 4,087,029</u>	<u>\$ 788,578</u>	<u>\$ 585,694</u>	<u>\$ 22,943</u>	<u>\$ 5,484,244</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Credit Card Payable	\$ 88,637	\$ -	\$ -	\$ -	\$ 88,637
Accrued Expenses	4,517	-	-	-	4,517
Due to Other Funds	8,381	-	-	-	8,381
<b>TOTAL LIABILITIES</b>	<u>101,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,535</u>
<b>FUND BALANCES</b>					
Assigned	-	-	14,454	-	14,454
Restricted	-	-	571,240	22,943	594,183
Committed	-	788,578	-	-	788,578
Unassigned	3,985,494	-	-	-	3,985,494
<b>TOTAL FUND BALANCES</b>	<u>3,985,494</u>	<u>788,578</u>	<u>585,694</u>	<u>22,943</u>	<u>5,382,709</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,087,029</u>	<u>\$ 788,578</u>	<u>\$ 585,694</u>	<u>\$ 22,943</u>	<u>\$ 5,484,244</u>

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

**BOROUGH OF FOUNTAIN HILL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES TO THE STATEMENT OF NET POSITION –  
MODIFIED CASH BASIS  
DECEMBER 31, 2023**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 5,382,709
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**Amounts Reported for Governmental Activities in the  
Statement of Net Position - Modified Cash Basis are Different Because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,920,945 and the accumulated depreciation is \$3,700,619.

8,220,326

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.  
Long-term liabilities at year end consist of:

Notes Payable    \$    (347,997)

(347,997)

**TOTAL NET POSITION -  
GOVERNMENTAL ACTIVITIES**

\$ 13,255,038

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

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Major Funds		Non-Major Funds		
	General	Capital Reserve	Special Revenue	Capital Project	Total
<b>REVENUES</b>					
Taxes	\$ 3,370,872	\$ -	\$ 110,376	\$ -	\$ 3,481,248
Licenses and Permits	75,705	-	-	-	75,705
Fines and Forfeitures	44,077	-	-	-	44,077
Interest and Rents	266,177	28,192	20,977	15,382	330,728
Intergovernmental Revenues	1,582,942	-	128,213	-	1,711,155
Charges for Services	64,232	-	-	-	64,232
Other Revenues	187,430	-	575	-	188,005
<b>TOTAL REVENUES</b>	<b>5,591,435</b>	<b>28,192</b>	<b>260,141</b>	<b>15,382</b>	<b>5,895,150</b>
<b>EXPENDITURES</b>					
General Government	466,778	-	-	-	466,778
Public Safety	1,501,037	-	1,496	-	1,502,533
Health and Human Services	1,440	-	-	-	1,440
Public Works - Highways and Streets	435,869	-	34,133	7,351	477,353
Public Works - Other Services	16,368	-	-	-	16,368
Culture and Recreation	78,423	-	91,276	-	169,699
Insurance and Employee Benefits	1,043,663	-	-	-	1,043,663
Debt Service - Principal Retirement	72,677	-	-	-	72,677
Debt Service - Interest	13,042	-	-	-	13,042
Capital Outlay	2,106,216	-	343,675	483,867	2,933,758
<b>TOTAL EXPENDITURES</b>	<b>5,735,513</b>	<b>-</b>	<b>470,580</b>	<b>491,218</b>	<b>6,697,311</b>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID</b>	<b>(144,078)</b>	<b>28,192</b>	<b>(210,439)</b>	<b>(475,836)</b>	<b>(802,161)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	-	250,000	-	-	250,000
Operating Transfers Out	(250,000)	-	-	-	(250,000)
Total Other Financing Sources (Uses)	(250,000)	250,000	-	-	-
Net Change in Fund Balances	(394,078)	278,192	(210,439)	(475,836)	(802,161)
Fund Balances, January 1	4,379,572	510,386	796,133	498,779	6,184,870
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,985,494</b>	<b>\$ 788,578</b>	<b>\$ 585,694</b>	<b>\$ 22,943</b>	<b>\$ 5,382,709</b>

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

**BOROUGH OF FOUNTAIN HILL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**Net Change in Fund Balances - Governmental Funds** \$ (802,161)

**Amounts Reported for Governmental Activities in the  
Statement of Activities - Modified Cash Basis are Different Because:**

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of those expenditures is not reported but treated as a capital asset on the Statement of Net Position - Modified Cash Basis

Capital Outlay	\$	2,933,758	
Less: Depreciation Expense		(345,925)	
			2,587,833

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis	72,677
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Proceeds from issuance of debt is a current resource as a financing source in the governmental funds, but an increase in a liability in the Statement of Net Position - Modified Cash Basis	(49,829)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,808,520</b>
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The accompanying notes are an integral part of these financial statements.

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents - Unrestricted	\$ 1,232,265	\$ 556,096	\$ 578,205	\$ 2,366,566
Due from Other Funds	-	-	-	-
<b>Total Current Assets</b>	<u>1,232,265</u>	<u>556,096</u>	<u>578,205</u>	<u>2,366,566</u>
<b>Noncurrent Assets:</b>				
Fixed Assets, Less				
Accumulated Depreciation	1,666,364	21,467	-	1,687,831
<b>Total Noncurrent Assets</b>	<u>1,666,364</u>	<u>21,467</u>	<u>-</u>	<u>1,687,831</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,898,629</u></u>	<u><u>\$ 577,563</u></u>	<u><u>\$ 578,205</u></u>	<u><u>\$ 4,054,397</u></u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Due to Other Funds	\$ 235	\$ 235	\$ -	\$ 470
<b>Total Current Liabilities</b>	<u>235</u>	<u>235</u>	<u>-</u>	<u>470</u>
<b>TOTAL LIABILITIES</b>	<u>235</u>	<u>235</u>	<u>-</u>	<u>470</u>
<b>NET POSITION</b>				
Invested in Capital Assets	1,666,364	21,467	-	1,687,831
Unrestricted	1,232,030	555,861	578,205	2,366,096
<b>Total Net Position</b>	<u>2,898,394</u>	<u>577,328</u>	<u>578,205</u>	<u>4,053,927</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 2,898,629</u></u>	<u><u>\$ 577,563</u></u>	<u><u>\$ 578,205</u></u>	<u><u>\$ 4,054,397</u></u>

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

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 1,367,109	\$ 659,410	\$ 225,295	\$ 2,251,814
<b>Total Operating Revenues</b>	<u>1,367,109</u>	<u>659,410</u>	<u>225,295</u>	<u>2,251,814</u>
<b>OPERATING EXPENSES:</b>				
Personnel	151,180	58,517	24,689	234,386
Supplies	12,754	12,944	1,364	27,062
Professional Services	40,052	2,385	38,793	81,230
Employee Benefits	124,266	134,033	14,429	272,728
Insurance	21,521	31,744	9,995	63,260
Repairs and Maintenance	85,469	-	19,392	104,861
Disposal System	585,422	485,594	-	1,071,016
Depreciation and Amortization	217,718	6,324	-	224,042
<b>Total Operating Expenses</b>	<u>1,238,382</u>	<u>731,541</u>	<u>108,662</u>	<u>2,078,585</u>
<b>OPERATING INCOME (LOSS)</b>	<u>128,727</u>	<u>(72,131)</u>	<u>116,633</u>	<u>173,229</u>
<b>NON-OPERATING REVENUES:</b>				
Interest Revenue	35,467	20,049	12,414	67,930
<b>Total Non-operating Revenues</b>	<u>35,467</u>	<u>20,049</u>	<u>12,414</u>	<u>67,930</u>
Income (Loss) Before Transfers	164,194	(52,082)	129,047	241,159
Transfers In (Out)	-	-	-	-
<b>Change in Net Position</b>	<u>164,194</u>	<u>(52,082)</u>	<u>129,047</u>	<u>241,159</u>
Total Net Position - January 1	<u>2,734,200</u>	<u>629,410</u>	<u>449,158</u>	<u>3,812,768</u>
<b>TOTAL NET POSITION - December 31</b>	<u><u>\$ 2,898,394</u></u>	<u><u>\$ 577,328</u></u>	<u><u>\$ 578,205</u></u>	<u><u>\$ 4,053,927</u></u>

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

**BOROUGH OF FOUNTAIN HILL**  
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS –**  
**ALL PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Sewer Fund	Health and Sanitation Fund	Stormwater Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 1,367,109	\$ 659,410	\$ 225,295	\$ 2,251,814
Cash Payment to Suppliers for Goods and Services	(745,218)	(532,667)	(69,544)	(1,347,429)
Cash Payments to Employees for Services	(275,211)	(231,199)	(39,118)	(545,528)
Net Cash Provided by (Used in) Operating Activities	346,680	(104,456)	116,633	358,857
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Received	35,467	20,049	12,414	67,930
Net Cash Provided by Investing Activities	35,467	20,049	12,414	67,930
Net Increase (Decrease) in Cash and Cash Equivalents	382,147	(84,407)	129,047	426,787
Cash and Cash Equivalents, January 1	850,118	640,503	449,158	1,939,779
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 1,232,265</b>	<b>\$ 556,096</b>	<b>\$ 578,205</b>	<b>\$ 2,366,566</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided Operating Activities</b>				
Operating Income (Loss)	\$ 128,727	\$ (72,131)	\$ 116,633	\$ 173,229
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	217,718	6,324	-	224,042
Decrease in Due from Other Funds	-	1,813	-	1,813
Increase (Decrease) in Due to Other Funds	235	(40,462)	-	(40,227)
Total Adjustments	217,953	(32,325)	-	185,628
Net Cash Provided by (Used in) Operating Activities	\$ 346,680	\$ (104,456)	\$ 116,633	\$ 358,857

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

**BOROUGH OF FOUNTAIN HILL  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –  
ALL FIDUCIARY FUNDS  
DECEMBER 31, 2023**

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	Custodial Funds
	<u>                    </u>
<b>ASSETS:</b>	
Cash and Cash Equivalents - Restricted	\$      177,102
	<u>                    </u>
Total Assets	<u><u>\$      177,102</u></u>
<b>LIABILITIES:</b>	
Due to Depositors	\$                      -
	<u>                    </u>
Total Liabilities	<u>                    -</u>
<b>NET POSITION:</b>	
Restricted	<u>            177,102</u>
Total Liabilities and Net Position	<u><u>\$      177,102</u></u>

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



**BOROUGH OF FOUNTAIN HILL  
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –  
ALL FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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	Custodial Funds
	<u>                    </u>
<b>ADDITIONS:</b>	
Collections from Other Entities	\$       39,417
	<u>                    </u>
Total Additions	<u>          39,417</u>
<b>DEDUCTIONS:</b>	
Payments to Other Entities	<u>          52,210</u>
	<u>                    </u>
Total Deductions	<u>          52,210</u>
<b>NET DECREASE</b>	(12,793)
<b>NET POSITION:</b>	
Net Position, January 1	<u>         189,895</u>
	<u>                    </u>
Net Position, December 31	<u><u>      \$   177,102</u></u>

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

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**1. Entity**

The Borough of Fountain Hill (the "Borough") was incorporated in 1893 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania ("Commonwealth").

The Borough Council, a seven-member group, and a Mayor, is the level of government responsible for providing a full range of municipal services including those mandated by statute or ordinance. These include public safety, highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The Borough receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities.

In evaluating the Borough as a reporting entity, management has addressed all potential component units for which the Borough may or may not be financially accountable, and as such, be includable within the Borough's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Borough is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Borough. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit's relationship with the Borough, and a discussion of how component unit information has been incorporated into the financial statements:

The Fountain Hill Stormwater Authority ("Authority") was incorporated October 23, 2019, under the Pennsylvania Municipal Authorities Act of 1945, approved May 2, 1945, as amended and supplemented. The Authority was formed to operate, maintain, and expand the existing Borough of Fountain Hill stormwater system, as a municipal authority. The Authority, by virtue of its Articles of Incorporation and of the Municipal Authorities Act, existence shall terminate fifty years from the date of filing, unless extended by an amendment to the Articles of Incorporation. The Authority is governed by a five-member Board of Directors who are residents of Borough of Fountain Hill. The Authority funds are blended into the Proprietary Funds. Separate financial statements for Fountain Hill Stormwater Authority are audited by Campbell, Rappold & Yurasits LLP.

**2. Summary of Significant Accounting Policies**

The financial statements of Borough of Fountain Hill have been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and is described more fully under Basis of Accounting and Measurement Focus. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Fund Accounting*

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, and other financing sources and uses. These various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

*Basis of Presentation*

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

Government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the Borough as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The Statement of Net Position – Modified Cash Basis presents the financial condition of the governmental and business-type activity of the Borough at fiscal year-end. The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for the business-type activity of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Borough.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise fund are service charges for sewer, health and sanitation and stormwater. Operating expenses for the Borough's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation - Fund Accounting**

For financial reporting purposes, the Borough's funds have been grouped by fund type and are presented in this report in the following manner:

***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the Borough are financed. The acquisition, use and balances of the Borough's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- ***General Fund (Major Fund)*** - is used to account for all financial transactions applicable to the general operations of the Borough except for those required to be accounted for in another fund.
- ***Special Revenue Funds (Non-Major Funds)*** - are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following are special revenue fund types:

***State Liquid Fuels Fund*** - is utilized to account for the financial activity of the Borough's motor vehicle fuel tax allocation from the Commonwealth of Pennsylvania.

***Fire Fund*** - is utilized to account for the financial activity of the Borough's fire tax revenue and its related expenditures.

***Library Fund*** - is utilized to account for the financial activity of the Borough's library tax revenue and its related expenditures.

***Playground Fund*** - is utilized to account for the financial activity of the Borough's playground revenue and its related expenditures.

- ***Capital Projects Fund*** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects (Non-Major) and Capital Reserve (Major) funds are included in the accompanying financial statements as Capital Projects Funds.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Presentation - Fund Accounting (Continued)*

***Proprietary Fund Types***

Proprietary funds are used to account for the Borough's ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The Borough has one type of proprietary fund - the Enterprise Fund.

- ***Enterprise Fund*** - is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Borough has three Enterprise Funds described below.

***Sewer Fund*** - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

***Health and Sanitation Fund*** - is used to account for the administration of the collection and disposal of municipal waste and recycling materials in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

***Stormwater Fund*** - is used to account for the operation, maintenance and expansion of the existing stormwater system in the Borough and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

***Fiduciary Fund Types***

Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Borough's fiduciary fund type:

- ***Custodial Funds*** - are used to account for funds held in escrow for other parties. The principal source of revenue for these funds are collections from other entities.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Accounting and Management Focus*

***Basis of Accounting***

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses in the financial statements regardless of the measurement focus. The modified cash basis of accounting is followed for all governmental, proprietary and fiduciary funds of the Borough. The modified cash basis differs from GAAP in that certain revenues and the related assets are recognized when received rather than when earned and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Modifications to the cash basis of accounting include: fixed assets are capitalized and depreciated over their economic useful lives, the recording of long-term debt proceeds and principal payments as liabilities, the recording of payroll withholdings when withheld from employees' pay and recording of credit card liabilities. The Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Funds presents the results of the Borough's activities; it does not purport to present the net income or loss for the period.

***Measurement Focus***

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are accounted for on a spending or "financial flow" measurement focus. This means the Borough has elected to report on a modified cash basis while reporting long-term indebtedness in the General Fund. Governmental fund-type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on their statements of assets, liabilities, and net position. The reported fund equity is segregated into contributed capital and net position - modified cash basis. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in equity.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Budgets and Non-GAAP Budgetary Basis of Accounting*

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

- In accordance with the Borough Code and Borough procedures, at least thirty days prior to adoption, the Borough Manager submits to the Borough Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works and culture and recreation.
- Public hearings are conducted to obtain taxpayer comment.
- By December 31, the budget is legally enacted for all governmental funds through passage of an ordinance. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
- All modifications, transfers and amendments must be approved by Borough Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund.
- The legally required and adopted budgets of the Borough are for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund.
- Budgets for the General Fund, State Liquid Fuels Fund, Sewer Fund and the Health and Sanitation Fund are adopted on a modified cash basis of accounting discussed above.
- Borough Council may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2023. Borough Council must approve all over expenditures of appropriations or transfers of appropriated amounts.

The Schedule of Revenues, Expenditures and Other Financing Sources - Modified Cash Basis - Budget Comparison presents comparisons of legally adopted budgets with actual data. The budget has been prepared on the modified cash basis, which is the same basis of accounting used to prepare the financial statements as described more fully in Note 2. The Borough Council approves by a motion the total appropriations in the budget. Fund Balance and any revisions to the budget also require approval by Borough Council. There were no amendments to the budget as presented in the current year.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

Cash

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis are considered to be cash on hand, demand deposits, cash with fiscal agent and deposits in the Pennsylvania Local Government Investment Trust (PLGIT).

For the purpose of the proprietary funds, “Statement of Cash Flows – Modified Cash Basis,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, all highly liquid investments with an original maturity of three months or less and deposits in the Pennsylvania Local Government Investment Trust (PLGIT).

Interfund Transactions

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

Other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of net position are reported as residual transfers of net position. All other inter-fund transfers are reported as operating transfers.

Restricted Assets

Cash has been restricted to the extent of escrows payable and specific uses.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets reported in the governmental and business-type activities are depreciated using the straight-line method over the estimated useful life of components ranging from 5 to 30 years. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Leases

The Borough reports their financial statements in accordance with the modified cash basis of accounting. As such, the Borough does not report capital lease transactions or donated capital assets because the acquisition of these assets did not involve a cash inflow or outflow at the time of acquisition or receipt.



**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Net Position*

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Borough's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

*Transfers*

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

*Management Estimates*

The preparation of financial statements prepared with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Government – Wide Fiduciary and Proprietary Fund Net Position*

Net Position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted – consist of assets that are restricted by the Borough's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

*Governmental Fund Balances*

The fund balance of Governmental Fund Types and the Fiduciary Funds are classified in four separate categories. The categories, and their general meanings, are as follows:

- Restricted fund balance - indicates the portion of the fund balance that can only be spent for specific purposes because of constitutional provisions, legislation, or constraints that are externally imposed.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Governmental Fund Balances (Continued)*

- Committed fund balance - indicates the portion of the fund balance that can only be used for specific purposes determined by formal action of the Council.
- Assigned fund balance - indicates the portion of the fund balance that has been appropriated for specific purposes by authorization of the Council.
- Unassigned fund balance - indicates the portion of the fund balance that is available for appropriation and expenditure, in future periods.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position – Modified Cash Basis will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position – Modified Cash Basis will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The Borough of Fountain Hill has not recorded any deferred outflows/inflows of resources because the Borough has elected to report its financial activities on the modified cash basis of accounting.

*New GASB Pronouncement*

During 2023, the following GASB Pronouncement became effective.

In May 2020, the GASB issued Statement 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAS) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-of-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Borough has determined that the implementation of the accounting standard did not significantly impact the financial statements and therefore, there were no required prior period adjustments.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**3. Cash and Cash Equivalents**

General

Section 1316 of the Pennsylvania Borough Code provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of 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.

The deposit and investment policy of the Borough adheres to the statutes of the Commonwealth. Deposits of the Borough are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Borough.

Cash (Cash on Hand and Bank Balances)

At December 31, 2023, the carrying amount of the Borough's bank deposits at one financial institution (including Custodial Funds) totaled \$1,629,886 and the corresponding bank balances were \$1,502,176 of which \$250,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$1,252,176 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of \$1,252,176 were collateralized by this pool of assets maintained by the Borough's depository institutions.

Cash Equivalents

As of December 31, 2023, the carrying amounts of deposits in the Pennsylvania Local Government Investment Trust ("PLGIT" or "Trust") (including Custodial Funds) were \$6,389,175. The Borough maintains deposits in the PLGIT portfolio of the Trust. The assets in these portfolios are marked to market daily, there are stated limits on the weighted average maturity of the portfolios and the Trust seeks to maintain a net asset value of \$1.00 per share. Accordingly, the market value for the deposits in PLGIT are not materially different from the carrying amount. All deposits in PLGIT are insured or registered, or securities held by the Borough's or its agent in the Borough's name.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**4. Real Estate Taxes**

Based upon assessed valuations provided by the County (\$228,953,600 in 2023), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2023 is as follows:

January 1	- levy date
March 1	- billing date
March 1 – April 30	- 2% discount period
April 1 – June 30	- face payment period
July 1 – December 31	- 10% penalty period
January 1 (following year)	- lien date

The Borough continues to collect delinquent real estate taxes through December of the current year. At that time, all unpaid real estate taxes are turned over to the County of Lehigh Tax Claim Bureau for further collection. The 2023 municipal tax rate for all purposes was 9.61 mills (\$9.61 per \$1,000 of assessed valuation).

**5. Inter-fund Receivables and Payables**

Inter-fund receivable and payable balances as of December 31, 2023 are as follows:

	Due From Other Funds	Due to Other Funds
	<hr/>	<hr/>
<u><i>Governmental Activities</i></u>		
General Fund	\$ 470	\$ 8,381
State Liquid Fuels Fund	8,381	-
 <u><i>Business Type Activities</i></u>		
Sewer Fund	-	235
Health and Sanitation Fund	-	235
	<hr/>	<hr/>
	\$ 8,851	\$ 8,851
	<hr/>	<hr/>

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**6. Inter-fund Transfers**

Inter-fund transfers during 2023 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<i><u>Governmental Activities</u></i>		
General Fund	\$ -	\$ 250,000
Capital Reserve Fund	250,000	-
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

**7. Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance Jan. 1, 2023	Additions	Retirements	Balance Dec. 31, 2023
Governmental Activities:				
<i>Capital Assets Being Depreciated</i>				
Land	\$ 899,842	\$ -	\$ -	\$ 899,842
Buildings and Improvements	2,378,413	-	-	2,378,413
Machinery and Equipment	312,881	-	(5,134)	307,747
Vehicles	1,619,798	258,580	(28,755)	1,849,623
Infrastructure	3,810,142	2,675,178	-	6,485,320
Total Capital Assets Being Depreciated	<u>9,021,076</u>	<u>2,933,758</u>	<u>(33,889)</u>	<u>11,920,945</u>
Less Accumulated Depreciation	<u>(3,388,583)</u>	<u>(345,925)</u>	<u>33,889</u>	<u>(3,700,619)</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,632,493</u>	<u>\$ 2,587,833</u>	<u>\$ -</u>	<u>\$ 8,220,326</u>

Depreciation expense for the governmental activities' capital assets was \$345,925.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**7. Capital Assets (Continued)**

	Balance Jan. 1, 2023	Additions	Retirements	Balance Dec. 31, 2023
Business-Type Activities:				
<i>Capital Assets Being Depreciated</i>				
Buildings, Plant and Improvements	\$ 9,956,613	\$ -	\$ -	\$ 9,956,613
Machinery	223,858	-	-	223,858
Total Capital Assets Being Depreciated	10,180,471	-	-	10,180,471
Less Accumulated Depreciation	(8,268,598)	(224,042)	-	(8,492,640)
Business-Type Capital Assets, Net	<u>\$ 1,911,873</u>	<u>\$ (224,042)</u>	<u>\$ -</u>	<u>\$ 1,687,831</u>

Depreciation expense for the Sewer Fund and Health and Sanitation Fund was \$217,718 and \$6,324, respectively in 2023.

**8. Long-Term Debt**

Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance Outstanding Jan. 1, 2023	Additions	Reductions	Balance Outstanding Dec. 31, 2023	Amounts Due Within One Year
<i>Governmental Activities:</i>					
<u>General Obligation - Series 2013:</u>					
15-year Term Loan Payable to Bank, fixed interest annual interest rate of 2.62%. Payable in monthly installments, matures July 2028. Unsecured.	\$ 370,845	\$ -	\$ (63,540)	\$ 307,305	\$ 63,828
<u>Ford Interceptor Financed Purchase</u>					
5-year Lease with a fixed interest rate of 4.30%. Payable in annual installments, matures July, 2027. Secured by vehicle.	-	49,829	(9,137)	40,692	9,534
	<u>\$ 370,845</u>	<u>\$ 49,829</u>	<u>\$ (72,677)</u>	<u>\$ 347,997</u>	<u>\$ 73,362</u>

**BOROUGH OF FOUNTAIN HILL  
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**8. Long-Term Debt (Continued)**

The annual debt service requirements to maturity for governmental-type general obligation notes and installment loans, including interest are as follows, as of December 31, 2023:

	<u>Principal</u>	<u>Interest</u>
During the year ended December 31,		
2024	\$ 73,362	\$ 13,428
2025	76,354	10,435
2026	79,469	7,320
2027	82,711	4,078
2028	36,101	722
Totals	<u>\$ 347,997</u>	<u>\$ 35,983</u>

**9. Defined Benefit Retirement Plans**

The Borough has two defined benefit pension plans under multi-employer arrangements. One plan, the Borough of Fountain Hill Police Pension Plan, covers uniformed police personnel employed on a full-time basis. The other plan, the Borough of Fountain Hill Employees' ("Non-Uniform") Pension Plan, covers full-time non-uniform employees of the Borough.

**Non-Uniform Pension Plan**

**Plan Description and Funding Policy for the Non-Uniform Employees of the Borough of Fountain Hill**

The Pension Plan of the Borough of Fountain Hill is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 326, adopted pursuant to Act 15, of the Commonwealth of Pennsylvania. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS) which was created by the Pennsylvania General Assembly to administer pension plans on a contracted basis for any municipality within Pennsylvania. This agent, multiple-employer public employee retirement system acts as a common investment and administrative agent for participating municipal pension plans. The Borough may withdraw from this contracted service upon giving proper notice.

The Borough makes contributions to a Non-Uniform Pension Plan (the "Plan"). The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available in the PMRS website. A copy of the CAFR can be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.

**BOROUGH OF FOUNTAIN HILL  
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**9. Defined Benefit Retirement Plans (Continued)**

**Non-Uniform Pension Plan (Continued)**

The Borough contributes ten percent (10%) of all eligible employees' compensation. Members of the Plan are allowed to contribute up to twenty percent (20%) of their eligible compensation.

All full-time non-uniformed Borough employees are eligible to participate in the System. Benefits vest after 5 years of service. The normal retirement date is age 65. Early retirement is available for employees with 8 to 20 years of service.

The normal form of payment of retirement benefits is a monthly annuity available for life with survivor benefit of a lump sum or annuity at the option of the member. Retirement benefits are calculated to equal .02 times years of credited service times the last three years average salary. The plan also provides disability benefits.

Act 205, of the Commonwealth of Pennsylvania, requires that annual contributions be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The most recent actuarial valuation was performed January 1, 2022.

For the year ended December 31, 2023, the Borough recognized pension expense of \$56,788.

In accordance with the plan's governing ordinance, members are required to contribute 3.5% of their compensation to the plan.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

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

**Plan Membership at December 31, 2022**

Inactive Members or Beneficiaries Currently Receiving Benefits	8
Inactive Members Entitled to but not yet Receiving Benefits	2
Active Members	4
Total Members	<u><u>14</u></u>

**Net Pension Liability (Asset)**

The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.



**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**9. Defined Benefit Retirement Plans (Continued)**

**Non-Uniform Pension Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Changes in Net Pension Liability (Asset)**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2021	\$ 1,341,073	\$ 1,520,896	\$ (179,823)
Changes for the year:			
Service Cost	41,650	-	41,650
Interest Cost	70,458	-	70,458
Changes in Benefit Terms	-	-	-
Changes for Experience	34,994	-	34,994
Changes of Assumptions	-	-	-
Contributions - Employer	-	50,473	(50,473)
Contributions - PMRS Assessment	-	320	(320)
Contributions - Member	-	8,347	(8,347)
PMRS Investment Income	-	66,845	(66,845)
Market Value Investment Income	-	(256,456)	256,456
Benefit Payments	(82,380)	(82,380)	-
PMRS Administrative Expense	-	(320)	320
Additional Administrative Expense	-	(3,532)	3,532
Net Changes	64,722	(216,703)	281,425
Balance at December 31, 2022	<u>\$ 1,405,795</u>	<u>\$ 1,304,193</u>	<u>\$ 101,602</u>

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**9. Defined Benefit Retirement Plans (Continued)**

**Non-Uniform Pension Plan (Continued)**

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 5.25%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability (Asset)	\$ 269,791	\$ 101,602	\$ (40,516)

**Components of Pension Expense**

	2022
Service Cost	\$ 41,650
Interest on the Total Pension Liability	70,458
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	(66,845)
Changes of Assumptions	7,829
Member Contributions	(8,347)
Projected Earnings on Pension Plan Investments	826
Difference between Projected and Actual Earnings on Investments	(8,486)
Pension Plan Administrative Expense	3,852
Other Changes in Fiduciary Net Position	-
Pension Expense	<u>\$ 40,937</u>

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**9. Defined Benefit Retirement Plans (Continued)**

**Uniformed Pension Plan**

The Borough of Fountain Hill Police Pension Plan is a single-employer defined benefit pension plan. The Plan was established effective January 1, 1946 and entered into a Joinder Agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT) dated June 21, 1985. The Plan was amended and restated by Ordinance No. 702, effective April 17, 2002. The Plan is governed by the Borough Council of the Borough of Fountain Hill which may amend plan provisions, and which is responsible for the management of Plan assets. The Borough Council has delegated the authority to manage certain Plan assets to the PSABMRT. The plan is required to file Form PC-20 I C biennially with the Pennsylvania Department of the Auditor General's Municipal Pension Reporting Program (MPRP). The most recent filing was as of January 1, 2023.

The Plan covers all full-time uniformed employees of the Borough. The normal retirement date is age 55 with 25 years of service. Participants become 100% vested upon completing 12 years of credited service to the plan. The Plan also provides early retirement, death and disability benefits. The authority under which the benefit provisions have been established, or may be amended, remains with the Borough Council of the Borough of Fountain Hill.

The normal form of retirement benefit is a monthly payment equal to 50% of the members' gross pay averaged over the last 36 months of employment, plus a service increment if any.

For the year ended December 31, 2023, the Borough recognized pension expense of \$408,267.

**Contributions**

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state contributions must be funded by the employer.

Employees were required to contribute 8 percent of covered payroll to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

**BOROUGH OF FOUNTAIN HILL  
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**9. Defined Benefit Retirement Plans (Continued)**

**Uniformed Pension Plan (Continued)**

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

**Plan Membership at December 31, 2023**

Inactive Members or Beneficiaries Currently Receiving Benefits	7
Inactive Members Entitled to but not yet Receiving Benefits	0
Active Members	<u>10</u>
Total Members	<u><u>17</u></u>

**Net Pension Liability**

The net pension liability was measured as of December 31, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**9. Defined Benefit Retirement Plans (Continued)**

**Uniformed Pension Plan (Continued)**

**Changes in the Net Pension Liability**

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 6,032,458	\$ 4,271,007	\$ 1,761,451
Changes for the year:			
Service Cost	264,677	-	264,677
Interest Cost	381,292	-	381,292
Changes in Benefit Terms	11,720	-	11,720
Changes for Experience	(311,670)	-	(311,670)
Changes of Assumptions	-	-	-
Contributions - Employer	-	408,267	(408,267)
Contributions - Member	-	43,875	(43,875)
Net Investment Income	-	614,506	(614,506)
Benefit Payments	(266,491)	(266,491)	-
Administrative Expense	-	(35,301)	35,301
Other Changes	-	-	-
Net Changes	79,528	764,856	(685,328)
Balance at December 31, 2023	<u>\$ 6,111,986</u>	<u>\$ 5,035,863</u>	<u>\$ 1,076,123</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 1,954,213	\$ 1,076,123	\$ 353,612

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**9. Defined Benefit Retirement Plans (Continued)**

**Uniformed Pension Plan (Continued)**

**Components of Pension Expense**

	<u>2023</u>
Service Cost	\$ 264,677
Interest on the Total Pension Liability	381,292
Changes in Benefit Terms	11,720
Difference between Expected and Actual Experience	(39,168)
Changes of Assumptions	50,552
Member Contributions	(43,875)
Projected Earnings on Pension Plan Investments	(275,844)
Difference between Projected and Actual Earnings on Investments	(29,960)
Pension Plan Administrative Expense	35,301
Other Changes in Fiduciary Net Position	<u>-</u>
Pension Expense	<u><u>\$ 354,695</u></u>

**10. Postemployment Benefits Other Than Pensions**

**Plan Description**

The Borough provides coverage for medical benefits to Borough employees based on eligibility requirements set for each group of employees pursuant to Governmental Accounting Standards Board Statement No. 75. The other postemployment benefits (OPEB) are based on negotiated memorandums of understanding with employee contracts. The Plan provides medical/Rx, dental, and vision benefits to eligible retirees, spouses, and dependents. The costs of retiree health care benefits are recognized as expenditures and a net other postemployment benefit payable based on an actuarial valuation. The Plan also provides life insurance in the amount of \$4,000 at time of retirement.

**Uniformed Employees**

**Eligibility**

Police officers retiring on pension whether due to Normal Retirement or Service-Related Disability Retirement.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**10. Postemployment Benefits Other Than Pensions (Continued)**

**Uniformed Employees (Continued)**

**Normal Retirement Eligibility**

Retiring after attaining age 55 and completing 25 years of service.

**Service-Related Disability Retirement Eligibility**

Total and permanent disablement that occurs in the line of duty.

**Coverage**

Eligible retired police officer, spouse and dependents.

**Benefits**

For officers hired before January 1, 2020, the Borough provides health insurance including medical, dental and vision for the retiree and his/her family until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65. Upon reaching Medicare eligibility or age 65, the retiree may choose to remain on the Borough's post-65 Senior Plan medical, dental and vision coverages until the retiree's spouse reaches age 65. The post-65 Senior Plan coverage is paid by the Borough.

For officers hired between January 1, 2020 and December 31, 2022, the Borough provides health insurance including medical, dental and vision for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65 and health insurance including medical, dental and vision for the retiree's spouse and dependents for the first 5 years of retirement.

For officers hired on or after January 1, 2023, the Borough provides health insurance including medical, dental and vision for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65 and health insurance including medical, dental and vision for the retiree's spouse and dependents for the first 3 years of retirement.

**Retiree Contributions**

If retired before January 1, 2020, if the retiree chooses to cover his/her spouse after the retiree reaches age 65 he/she must reimburse the Borough 100% of the cost of the spouse's coverage.

If retired on or after January 1, 2020, the pre-tax amount contractually in place at time of retirement. For 2022, the annual amount is \$780, increasing to \$1,040 in 2023 and 2024 and \$1,300 in 2025 and 2026.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**10. Postemployment Benefits Other Than Pensions (Continued)**

**Uniformed Employees (Continued)**

**Medical Plans Available**

Capital Blue Cross PPO \$500/\$1,000 Plan in the Pennsylvania Municipal Health Insurance Cooperative administered by Benecon.

**Life Insurance**

If retired before January 1, 2020, the Borough provides a life insurance policy in the amount of \$4,000 for each officer at time of retirement. If retirement after January 31, 2020, no life insurance benefit is offered.

**Non-Uniformed Employees**

**Eligibility**

Employees retiring after attaining age 62 and completing 20 years of service.

**Coverage**

Eligible retired participant.

**Benefits**

The Borough pays 100% of the cost of medical insurance premiums and 50% of dental premiums for the retiree until the earlier of the death of the retiree, participation in any other medical insurance program (obtained through employment) or the retiree's Medicare eligibility or age 65.

**Retiree Contributions**

If the retiree elects to continue dental or vision coverage, he must pay 50% of the dental premium cost and/or 100% of the vision premium cost.

From time to time, retirees may be required to contribute the same amount as active employees. The current union contract states that if the cost of family coverage exceeds the previous year's cost by 20%, active employees must contribute the lesser of \$50 per month or 50% of the difference in cost between current family coverage and 120% of the prior year's cost of family coverage. If the cost of family coverage does not exceed the previous year's cost by 20%, contribution amounts will remain the same as the previous year. In 2023, Public Works Union members did not contribute toward medical coverage. In 2023, Borough Administration members contributed \$260.



**BOROUGH OF FOUNTAIN HILL  
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**10. Postemployment Benefits Other Than Pensions (Continued)**

**Non-Uniformed Employees (Continued)**

**Medical Plans Available**

For Public Works Union Members: Capital Blue Cross PPO \$1,000/\$2,000 Plan in the Pennsylvania Municipal Health Cooperative administered by Benecon.

For Borough Administration: Capital Blue Cross PPO \$500/\$1,000 Plan in the Pennsylvania Municipal Health Cooperative administered by Benecon.

**Life Insurance**

The Borough provides a life insurance policy for four retirees in the amount contractually in place at time of their retirement.

**OPEB Expense**

For the year ended December 31, 2023, the Borough recognized OPEB expense of \$-0-.

**Actuarial Cost Method**

The actuarial costs for this valuation are determined under the Entry Age Normal Actuarial Cost Method as described in Paragraph 42 of GAS #75. The Actuarial Present Value of the Projected Benefits of each individual is allocated as a level percentage of pay between entry age and assumed exit age(s) for health care costs. Pays are assumed to increase over that period at the assumed rate of inflation. Entry Age is calculated based upon date of hire. Assumed exit ages are based upon the actuarial assumptions as to termination, disability, death or retirement. The portion of this Actuarial Present Value allocated to a single valuation year is called the Normal Cost. The accumulation of normal costs prior to the current valuation year is the current Actuarial Accrued Liability. Actuarial Accrued Liability is thus also the portion of Actuarial Present Value of the Projected Benefits not provided by the Actuarial Present Value of Future Normal Costs. Under this method, the Actuarial Gains (Losses), as they occur, reduce (increase) the Actuarial Accrued Liability.

**Discount Rate**

The discount rate used to measure the Total OPEB liability was 2.50%. The discount rate was based on the index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Participant Data**

Based on census information as of January 1, 2022, the following eligible employees and retirees were covered by the plan:

Active Members	15
Vested Former Participants	0
Retired Participants	10
Total Participants	<u>25</u>

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**10. Postemployment Benefits Other Than Pensions (Continued)**

**Projection of Net OPEB Liability**

The components of projected net OPEB liability of the Borough at December 31, 2023 were as follows:

Total OPEB Liability	\$ 3,555,647
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 3,555,647</u></u>

**Projection of Changes in Net OPEB Liability**

The following table shows the changes in net OPEB liability recognized over the measurement period:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2022	\$ 3,384,890	\$ -	\$ 3,384,890
Changes for the year:			
Service Cost	231,284	-	231,284
Interest Cost	88,552	-	88,552
Changes in Benefit Terms	-	-	-
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	(149,079)	149,079
Contributions - Member	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(149,079)	149,079	(298,158)
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>170,757</u>	<u>-</u>	<u>170,757</u>
Balance at December 31, 2023	<u><u>\$ 3,555,647</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,555,647</u></u>

**BOROUGH OF FOUNTAIN HILL  
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**10. Postemployment Benefits Other Than Pensions (Continued)**

**Net OPEB Liability Sensitivity – Discount Rate**

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 2.50% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (1.50%) or one percent higher (3.50%) than the current rate:

	<u>1% Decrease</u> <u>1.50%</u>	<u>Current</u> <u>Discount Rate</u> <u>2.50%</u>	<u>1% Increase</u> <u>3.50%</u>
Net OPEB Liability	\$ 3,895,015	\$ 3,555,647	\$ 3,246,859

**Net OPEB Liability Sensitivity – Healthcare Trend**

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percent higher and one percent lower than expected.

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 3,086,588	\$ 3,555,647	\$ 4,115,966

**Components of OPEB Expense**

	<u>2023</u>
Service Cost	\$ 231,284
Interest on the Total OPEB Liability	88,552
Difference between Expected and Actual Experience	(56,757)
Changes in Benefit Terms	-
Changes of Assumptions	(2,833)
Projected Earnings on OPEB Plan Investments	-
Other Changes	-
OPEB Expense	<u>\$ 260,246</u>

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**11. Defined Contribution Pension Plan**

The Borough makes contributions to a non-uniform defined contribution plan. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available in the PMRS website. A copy of the CAFR can be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.

The Borough contributes five percent (5%) of all eligible employees' compensation. Members of the Plan are allowed to contribute up to twenty percent (20%) of their eligible compensation. During the year ended December 31, 2023, the Borough contributed \$10,657 to the Plan.

**12. Fund Balances**

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Totals
Unassigned	\$ 3,985,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985,494
Restricted	-	-	22,943	209,713	213,581	147,946	-	594,183
Committed	-	788,578	-	-	-	-	-	788,578
Assigned	-	-	-	-	-	-	14,454	14,454
Totals	<u>\$ 3,985,494</u>	<u>\$ 788,578</u>	<u>\$ 22,943</u>	<u>\$ 209,713</u>	<u>\$ 213,581</u>	<u>\$ 147,946</u>	<u>\$ 14,454</u>	<u>\$ 5,382,709</u>

No funds at the Borough had a deficit fund balance or net position at December 31, 2023.

**13. Risk Management and Litigation**

*Risk Management*

The Borough is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2023 and the two previous fiscal years, no settlements exceeded insurance coverage.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO FINANCIAL STATEMENTS  
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**13. Risk Management and Litigation (Continued)**

Litigation

In the normal course of operations, the Borough is involved in various civil disputes. Management and Borough solicitor estimate that the amount of actual potential claims against the Borough as of December 31, 2023, will not materially affect the financial condition of the Borough.

**14. Commitments and Contingencies**

Federal and State Grants

The Borough receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Borough's management, such disallowances, if any, will not be significant to the Borough's basic purpose financial statements.

Compensated Absences

The Borough of Fountain Hill has not accrued compensated absences because the Borough has elected to report its financial activities on the modified cash basis of accounting. However, employees of the Borough are entitled to paid vacation and sick days, depending on their length of service.

Insurance

The Borough is exposed to various risks of loss, including workers' compensation; property, casualty and public official liability; employee benefit administration; employment practice liability; and general liability claims. During the past four calendar years, there have not been any settlements that exceeded insurance coverage. The Borough is contingently liable to the extent any potential future judgment exceeds available insurance coverage.

Leases

The Borough leases three pieces of office equipment under multiple long-term lease agreements with monthly lease payments of \$105, \$136, and \$47, respectively. The leases expire in October 2024, June 2026, and July 2027 respectively. Lease payments are recognized as expenditures when paid.

The Borough also has two long-term subscription-based information technology agreements with monthly payments of \$225 and \$460, respectively. The agreements expire in December 2025 and October 2027 respectively. Payments are recognized as expenditures when paid.

**BOROUGH OF FOUNTAIN HILL  
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**15. Prior Period Restatement**

	<u>Governmental Activities</u>
Net Position - December 31, 2022	\$ 11,224,997
In previously issued financial statements, the Borough recorded infrastructure projects as expenditures. It was determined by the Borough, the costs were to be reflected as capital assets at December 31, 2022.	<u>221,521</u>
Net Position - December 31, 2022, As Restated	<u><u>\$ 11,446,518</u></u>

**16. Subsequent Events**

Management has considered events subsequent to December 31, 2023 that affect the Borough through April 15, 2024, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

## SUPPLEMENTARY INFORMATION

**BOROUGH OF FOUNTAIN HILL**  
**GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND**  
**OTHER FINANCING SOURCES – MODIFIED CASH BASIS - BUDGET COMPARISON**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Actual	Original Budget	Variance Favorable (Unfavorable)
<b>REVENUES RECEIVED</b>			
Taxes	\$ 3,370,872	\$ 3,186,164	\$ 184,708
Licenses and Permits	75,705	65,798	9,907
Fines and Forfeitures	44,077	34,750	9,327
Interest and Rents	266,177	29,544	236,633
Intergovernmental Revenues	1,582,942	1,521,890	61,052
Charges for Services	64,232	161,675	(97,443)
Other Revenues	187,430	93,162	94,268
Total Revenues Received	<u>\$ 5,591,435</u>	<u>\$ 5,092,983</u>	<u>\$ 498,452</u>
<b>EXPENDITURES PAID</b>			
General Government	\$ 466,778	\$ 438,351	\$ (28,427)
Public Safety	1,615,259	1,590,920	(24,339)
Health and Human Services	1,440	1,700	260
Public Works - Highways and Streets	2,427,863	2,055,101	(372,762)
Public Works - Other Services	16,368	16,368	-
Culture and Recreation	78,423	175,532	97,109
Insurance and Employee Benefits	1,043,663	1,104,239	60,576
Debt Service - Principal and Interest	85,719	73,347	(12,372)
Total Expenditures Paid	<u>5,735,513</u>	<u>5,455,558</u>	<u>(279,955)</u>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID</b>	(144,078)	(362,575)	218,497
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	(250,000)	(250,000)	-
Total Other Financing Sources (Uses), Net	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES</b>	(394,078)	(612,575)	218,497
<b>FUND BALANCE - JANUARY 1, 2023</b>	<u>4,379,572</u>	<u>4,379,572</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31, 2023</b>	<u>\$ 3,985,494</u>	<u>\$ 3,766,997</u>	<u>\$ 218,497</u>

See independent auditor's report on supplementary information.



**BOROUGH OF FOUNTAIN HILL  
SCHEDULE OF BOROUGH CONTRIBUTIONS -  
NON-UNIFORM PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

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Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2014	\$ 42,714	\$ 42,714	\$ -	\$ 445,189	9.59%
2015	55,468	55,548	(80)	283,428	19.60%
2016	39,838	39,879	(41)	355,857	11.21%
2017	65,666	65,706	(40)	359,820	18.26%
2018	74,368	74,468	(100)	390,068	19.09%
2019	71,350	71,350	-	408,697	17.46%
2020	83,152	83,152	-	360,119	23.09%
2021	66,633	66,633	-	298,721	22.31%
2022	50,793	50,793	-	238,485	21.30%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

**BOROUGH OF FOUNTAIN HILL  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
NON-UNIFORM PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service Cost	\$ 41,650	\$ 52,170	\$ 60,668	\$ 68,852	\$ 64,719	\$ 59,700	\$ 52,945	\$ 41,920	\$ 59,230
Interest	70,458	69,068	61,444	58,917	59,173	55,776	59,161	58,507	50,544
Changes of Benefit Terms	-	-	-	-	-	-	-	-	83,347
Changes for Experience	34,994	-	79,126	-	(73,150)	-	(72,946)	-	8,440
Changes of Assumptions	-	-	34,935	-	-	-	27,618	(20,873)	-
Transfers	-	-	-	-	-	(4,563)	(56,196)	-	(12,372)
Benefit Payments, Including Refunds of Member Contributions	(82,380)	(86,065)	(78,934)	(64,155)	(55,441)	(51,575)	(60,411)	(41,768)	(24,838)
Net Change in Total Pension Liability	64,722	35,173	157,239	63,614	(4,699)	59,338	(49,829)	37,786	164,351
Total Pension Liability - Beginning	1,341,073	1,305,900	1,148,661	1,085,047	1,089,746	1,030,408	1,080,237	1,042,451	878,100
Total Pension Liability - Ending	<u>\$ 1,405,795</u>	<u>\$ 1,341,073</u>	<u>\$ 1,305,900</u>	<u>\$ 1,148,661</u>	<u>\$ 1,085,047</u>	<u>\$ 1,089,746</u>	<u>\$ 1,030,408</u>	<u>\$ 1,080,237</u>	<u>\$ 1,042,451</u>
<b>Plan Fiduciary Net Pension</b>									
Contributions - Employer	\$ 50,473	\$ 66,313	\$ 82,792	\$ 71,030	\$ 74,068	\$ 65,346	\$ 39,619	\$ 55,228	\$ 42,714
Contributions - PMRS Assessment	320	320	360	320	400	360	260	320	-
Contributions - Member	8,347	10,455	12,604	14,826	13,653	12,594	12,220	9,920	15,066
PMRS Investment Income	66,845	64,557	53,951	49,302	46,899	43,310	42,132	40,434	40,171
Net Investment Income	(256,456)	133,752	152,674	140,618	(128,160)	99,058	32,687	(63,570)	(689)
Transfers	-	-	-	-	-	(4,563)	(56,196)	-	(12,372)
Benefit Payments, Including Refunds of Member Contributions	(82,380)	(86,065)	(78,934)	(64,155)	(55,441)	(51,575)	(60,411)	(41,768)	(24,838)
PMRS Administrative Expense	(320)	(320)	(360)	(320)	(300)	(320)	(220)	(320)	(240)
Additional Administrative Expense	(3,532)	(3,656)	(2,351)	(1,704)	(2,093)	(1,992)	(2,064)	(1,686)	(1,541)
Net Change in Plan Fiduciary Net Position	(216,703)	185,356	220,736	209,917	(50,974)	162,218	8,027	(1,442)	58,271
Plan Net Position - Beginning	1,520,896	1,335,540	1,114,804	904,887	955,861	793,643	785,616	787,058	728,787
Plan Net Position - Ending	<u>\$ 1,304,193</u>	<u>\$ 1,520,896</u>	<u>\$ 1,335,540</u>	<u>\$ 1,114,804</u>	<u>\$ 904,887</u>	<u>\$ 955,861</u>	<u>\$ 793,643</u>	<u>\$ 785,616</u>	<u>\$ 787,058</u>
Municipality's Net Pension Liability (Asset)	\$ 101,602	\$ (179,823)	\$ (29,640)	\$ 33,857	\$ 180,160	\$ 133,885	\$ 236,765	\$ 294,621	\$ 255,393
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.77%	113.41%	102.27%	97.05%	83.40%	87.71%	77.02%	72.73%	75.50%
Covered Employee Payroll	\$ 238,485	\$ 298,721	\$ 360,119	\$ 408,697	\$ 390,068	\$ 359,820	\$ 355,857	\$ 283,428	\$ 445,189
Municipality's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	42.60%	-60.20%	-8.23%	8.28%	46.19%	37.21%	66.53%	103.95%	57.37%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO SUPPLEMENTARY SCHEDULES –  
NON-UNIFORM PENSION PLAN  
DECEMBER 31, 2023**

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**Actuarial Assumptions**

The total pension liability is based upon the January 1, 2022 actuarial valuation, with liabilities rolled forward to December 31, 2022.

A summary of the actuarial assumptions and methods used to determine the 2022 contribution rates are as follows:

- Actuarial cost method - Entry Age
- Amortization Period – Level dollar based on the amortization periods in Act 205
- Asset valuation method – Based on the municipal reserves
- Discount rate - 5.25%, includes inflation at 2.80%
- Salary increases - age related scale with merit and inflation component.
- COLA increases – 2.80% for those eligible for a COLA.
- Pre-Retirement Mortality rates were based on the RP-2000 Non-Annuitant Tables projected 15 years with scale AA (male and female) with age set back 0 year for males and 5 years for females.
- Post-Retirement Mortality rates were based on the RP-2000 Annuitant Tables projected 5 years with scale AA for males and 10 years with scale AA for females.

See independent auditor's report on supplementary information.

**BOROUGH OF FOUNTAIN HILL  
SCHEDULE OF BOROUGH CONTRIBUTIONS -  
UNIFORMED PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

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Year	Actuarially Determined Contributions	Contributions From Employer	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Payroll
2014	\$ 195,280	\$ 195,280	\$ -	\$ 524,894	37.2%
2015	193,640	193,640	-	522,861	37.0%
2016	249,453	249,453	-	661,478	37.7%
2017	265,129	265,129	-	764,709	34.7%
2018	360,560	360,560	-	831,870	43.3%
2019	383,106	383,106	-	807,712	47.4%
2020	359,639	453,278	(93,639)	932,782	48.6%
2021	391,390	391,390	-	1,000,411	39.1%
2022	377,820	377,820	-	1,008,618	37.5%
2023	408,267	408,267	-	1,057,758	38.6%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

**BOROUGH OF FOUNTAIN HILL  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS -  
UNIFORMED PENSION PLAN  
FOR THE LAST TEN YEARS ENDED**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service Cost	\$ 264,677	\$ 249,573	\$ 238,256	\$ 229,346	\$ 218,425	\$ 176,058	\$ 167,674	\$ 104,690	\$ 99,705	\$ 113,097
Interest	381,292	376,349	354,647	345,055	327,162	319,572	305,814	297,282	289,039	263,953
Changes of Benefit Terms	11,720	-	(15,992)	-	-	-	-	-	-	-
Changes for Experience	(311,670)	-	(99,939)	-	(135,957)	-	(95,660)	-	272,545	-
Changes of Assumptions	-	-	156,258	-	-	-	340,725	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(266,491)	(263,612)	(276,841)	(281,821)	(300,756)	(278,805)	(277,297)	(282,061)	(278,084)	(301,878)
Net Change in Total Pension Liability	79,528	362,310	356,389	292,580	108,874	216,825	441,256	119,911	383,205	75,172
Total Pension Liability - Beginning	6,032,458	5,670,148	5,313,759	5,021,179	4,912,305	4,695,480	4,254,224	4,134,313	3,751,108	3,675,936
Total Pension Liability - Ending	<u>\$ 6,111,986</u>	<u>\$ 6,032,458</u>	<u>\$ 5,670,148</u>	<u>\$ 5,313,759</u>	<u>\$ 5,021,179</u>	<u>\$ 4,912,305</u>	<u>\$ 4,695,480</u>	<u>\$ 4,254,224</u>	<u>\$ 4,134,313</u>	<u>\$ 3,751,108</u>
<b>Plan Fiduciary Net Pension</b>										
Contributions - Employer	\$ 408,267	\$ 377,820	\$ 391,390	\$ 453,278	\$ 383,106	\$ 360,560	\$ 265,129	\$ 249,453	\$ 193,640	\$ 195,280
Contributions - Member	43,875	80,689	80,033	69,941	66,893	64,239	48,763	39,144	26,296	19,697
Net Investment Income	614,506	(576,548)	528,127	377,725	462,091	(136,805)	319,492	109,200	(15,870)	143,373
Benefit Payments, Including Refunds of Member Contributions	(266,491)	(263,612)	(276,841)	(281,821)	(300,756)	(278,805)	(277,297)	(282,061)	(278,084)	(301,878)
Administrative Expense	(35,301)	(34,364)	(25,149)	(23,803)	(25,450)	(19,540)	(21,924)	(17,830)	(21,186)	(17,326)
Net Change in Plan Fiduciary Net Position	764,856	(416,015)	697,560	595,320	585,884	(10,351)	334,163	97,906	(95,204)	39,146
Plan Net Position - Beginning	4,271,007	4,687,022	3,989,462	3,394,142	2,808,258	2,818,609	2,484,446	2,386,540	2,481,744	2,442,598
Plan Net Position - Ending	<u>\$ 5,035,863</u>	<u>\$ 4,271,007</u>	<u>\$ 4,687,022</u>	<u>\$ 3,989,462</u>	<u>\$ 3,394,142</u>	<u>\$ 2,808,258</u>	<u>\$ 2,818,609</u>	<u>\$ 2,484,446</u>	<u>\$ 2,386,540</u>	<u>\$ 2,481,744</u>
Municipality's Net Pension Liability	\$ 1,076,123	\$ 1,761,451	\$ 983,126	\$ 1,324,297	\$ 1,627,037	\$ 2,104,047	\$ 1,876,871	\$ 1,769,778	\$ 1,747,773	\$ 1,269,364
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.4%	70.8%	82.7%	75.1%	67.6%	57.2%	60.0%	58.4%	57.7%	66.2%
Covered Employee Payroll	\$ 1,057,758	\$ 1,008,618	\$ 1,000,411	\$ 932,782	\$ 801,712	\$ 831,870	\$ 764,709	\$ 661,478	\$ 522,861	\$ 524,894
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	101.7%	174.6%	98.3%	142.0%	202.9%	252.9%	245.4%	267.5%	334.3%	241.8%

See independent auditor's report on supplementary information.

The accompanying notes to supplementary schedules are an integral part of these schedules.

**BOROUGH OF FOUNTAIN HILL  
NOTES TO SUPPLEMENTARY SCHEDULES –  
UNIFORMED PENSION PLAN  
DECEMBER 31, 2023**

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**Actuarial Assumptions**

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

**A. Economic**

- |                       |                 |
|-----------------------|-----------------|
| 1. Interest Rate:     | 6.50% per year. |
| 2. Salary Projection: | 4.75% per year. |
| 3. Inflation:         | 2.50% per year. |

**B. Employee Characteristics**

- |                           |   |
|---------------------------|---|
| 1. Mortality:             | 2010 Public Retirement Plans (PubS-2010).   |
| 2. Mortality Improvement: | Rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.   |
| 3. Withdrawal:            | None assumed.   |
| 4. Disablement:           | 150% of rates derived from the 2020 Social Security Administration's projections of Disability incidence (ultimate rates only). Two thirds of disabilities assumed to occur as a result of actions from a criminal suspect. |
| 5. Marital Assumption:    | 100% of participants assumed to be married with spouse of the opposite sex. Female spouse assumed to be 3 years younger than male spouse.   |

**C. Retirement**

- |                              |   |
|------------------------------|---|
| 1. Valuation Retirement Age: | Normal Retirement Age, or attained age if currently eligible to retire. |
| 2. Benefit Form:             | Joint and 50% survivor annuity.   |

See independent auditor's report on supplementary information.

**BOROUGH OF FOUNTAIN HILL  
SCHEDULE OF CHANGES IN NET OPEB  
LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN YEARS ENDED**

	2023	2022	2021	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 231,284	\$ 225,643	\$ 217,405	\$ 211,586
Interest	88,552	84,785	106,021	102,845
Changes of Benefit Terms	-	-	-	(12,849)
Differences between Expected and Actual Experience	-	(128,099)	-	(514,381)
Changes of Assumptions	-	(144,999)	-	111,717
Benefit Payments, Including Refunds of Member Contributions	(149,079)	(181,488)	(220,397)	(208,445)
Other Changes	-	-	-	-
Net Change in Total OPEB Liability	170,757	(144,158)	103,029	(309,527)
Total OPEB Liability - Beginning	3,384,890	3,529,048	3,426,019	3,735,546
Total OPEB Liability - Ending	<u>\$ 3,555,647</u>	<u>\$ 3,384,890</u>	<u>\$ 3,529,048</u>	<u>\$ 3,426,019</u>
<b>Plan Fiduciary Net Pension</b>				
Contributions - Employer	\$ 149,079	\$ 181,488	\$ 220,397	\$ 208,445
Contributions - Employee	-	-	-	-
Net Investment Income	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(149,079)	(181,488)	(220,397)	(208,445)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Net Position - Beginning	-	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's Net OPEB Liability	\$ 3,555,647	\$ 3,384,890	\$ 3,529,048	\$ 3,426,019
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 1,265,268	\$ 1,265,268	\$ 1,019,142	\$ 1,019,142
Municipality's Net OPEB Liability as a Percentage of Covered Employee Payroll	281.0%	267.5%	346.3%	336.2%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on supplementary information.

**BOROUGH OF FOUNTAIN HILL  
COMBINING BALANCE SHEET – MODIFIED CASH BASIS –  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 209,713	\$ 205,200	\$ 147,946	\$ 14,454	\$ 577,313
Due from Other Funds	-	8,381	-	-	8,381
Total Assets	<u>\$ 209,713</u>	<u>\$ 213,581</u>	<u>\$ 147,946</u>	<u>\$ 14,454</u>	<u>\$ 585,694</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
<b>Fund Balance</b>					
Assigned	-	-	-	14,454	14,454
Restricted	209,713	213,581	147,946	-	571,240
Total Liabilities and Fund Balances	<u>\$ 209,713</u>	<u>\$ 213,581</u>	<u>\$ 147,946</u>	<u>\$ 14,454</u>	<u>\$ 585,694</u>

See independent auditor's report on supplementary information.



**BOROUGH OF FOUNTAIN HILL  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Fire Fund	State Liquid Fuels Fund	Library Fund	Playground Fund	Total
<b>REVENUES RECEIVED</b>					
Taxes	\$ 18,396	\$ -	\$ 91,980	\$ -	\$ 110,376
Intergovernmental Revenues	-	128,213	-	-	128,213
Interest	7,970	7,824	5,097	86	20,977
Other Revenues	575	-	-	-	575
Total Revenues Received	26,941	136,037	97,077	86	260,141
<b>EXPENDITURES PAID</b>					
Public Safety	1,496	-	-	-	1,496
Public Works - Highways and Streets	-	34,133	-	-	34,133
Culture and Recreation	-	-	91,276	-	91,276
Capital Outlay	80,103	263,572	-	-	343,675
Total Expenditures Paid	81,599	297,705	91,276	-	470,580
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID</b>	(54,658)	(161,668)	5,801	86	(210,439)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses), Net	-	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES</b>	(54,658)	(161,668)	5,801	86	(210,439)
Fund Balances - January 1, 2023	264,371	375,249	142,145	14,368	796,133
Fund Balances - December 31, 2023	\$ 209,713	\$ 213,581	\$ 147,946	\$ 14,454	\$ 585,694

See independent auditor's report on supplementary information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of Borough Council  
Borough of Fountain Hill  
Fountain Hill, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borough of Fountain Hill, which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the related notes to the financial statements, which collectively comprise Borough of Fountain Hill's basic financial statements, and have issued our report thereon dated April 15, 2024

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Borough of Fountain Hill's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Borough of Fountain Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough of Fountain Hill's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Borough of Fountain Hill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Congbell, Rappold & Yucasita LLP*

April 15, 2024