

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**DECEMBER 31, 2017**

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**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**DECEMBER 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of Council  
Borough of Columbia  
Columbia, Pennsylvania

**Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Columbia as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough's primary government as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Summary of Opinions**

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Governmental Activities	Unmodified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Columbia as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with the basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's modified cash basis financial statements. The combining capital projects fund financial statements, the combining nonmajor governmental fund statements, the combining fiduciary fund financial statements and statements of changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Disclaimer of Opinion on Other Information**

The budgetary comparison information on pages 29 to 31, and the schedule of changes in net pension liability and schedule of employer contributions on pages 32 and 33, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Emphasis of Matter**

As described in Note 2 to the financial statements, the Borough officially dissolved and terminated the Columbia Municipal Authority. All remaining assets and liabilities of the Authority were transferred to the Borough on June 30, 2017. Our opinion is not modified with respect to this matter.

**Other Matters**

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
May 17, 2018

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
DECEMBER 31, 2017**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 4,555,506
Investments	<u>8,141,693</u>
<b>Total Current Assets</b>	<u>12,697,199</u>
<b>Restricted Assets</b>	
Cash and Cash Equivalents	<u>6,327,579</u>
<b>Total Restricted Assets</b>	<u>6,327,579</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 19,024,778</b></u>
<b>LIABILITIES</b>	
Payroll Withholdings	\$ 80
Due to Other Governments	9,795
Deposits and Escrows	<u>140,500</u>
<b>TOTAL LIABILITIES</b>	<u>150,375</u>
<b>NET POSITION</b>	
Restricted	13,414,345
Unrestricted	<u>5,460,058</u>
<b>TOTAL NET POSITION</b>	<u>18,874,403</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 19,024,778</b></u>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
<b>Primary Government</b>					
Governmental Activities					
General Government	\$ 1,129,258	\$ 198,456	\$ 18,000	\$ --	\$ (912,802)
Public Safety	3,529,736	358,896	417,900	--	(2,752,940)
Sanitation	277,165	715,374	80,120	--	518,329
Highways and Streets	2,016,126	145,421	--	269,504	(1,601,201)
Other Services	58,054	34,489	--	--	(23,565)
Culture and Recreation	483,705	--	51,509	--	(432,196)
Community Development	192,030	--	--	--	(192,030)
Debt Service	1,256,985	648,691	--	--	(608,294)
Employee Benefits, Insurance and Other	820,184	181,904	--	--	(638,280)
Miscellaneous Expenses	<u>2,823</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,823)</u>
<b>Total Primary Government</b>	<b><u>\$ 9,766,066</u></b>	<b><u>\$2,283,231</u></b>	<b><u>\$ 567,529</u></b>	<b><u>\$ 269,504</u></b>	<b><u>(6,645,802)</u></b>
<b>General Revenues</b>					
					2,816,997
					1,294,688
					11,000
					107,058
					23,242
					397,871
					<u>18,884</u>
					<b><u>4,669,740</u></b>
					(1,976,062)
					18,440,852
					<u>2,409,613</u>
					<b><u>\$ 18,874,403</u></b>

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



**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**BALANCE SHEET – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<b>Major Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 4,189,447	\$ 91,913	\$ 274,146	\$ 4,555,506
Investments	--	8,141,693	--	8,141,693
Due from Other Funds	1,675,536	234,782	--	1,910,318
<b>Total Current Assets</b>	<b>5,864,983</b>	<b>8,468,388</b>	<b>274,146</b>	<b>14,607,517</b>
<b>Restricted Assets</b>				
Cash and Cash Equivalents	--	6,327,579	--	6,327,579
<b>Total Restricted Assets</b>	<b>--</b>	<b>6,327,579</b>	<b>--</b>	<b>6,327,579</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,864,983</b>	<b>\$ 14,795,967</b>	<b>\$ 274,146</b>	<b>\$ 20,935,096</b>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 234,782	\$ 1,675,536	\$ --	\$ 1,910,318
Due to Other Governments	9,795	--	--	9,795
Payroll Withholdings	80	--	--	80
Deposits and Escrows	140,500	--	--	140,500
<b>TOTAL LIABILITIES</b>	<b>385,157</b>	<b>1,675,536</b>	<b>--</b>	<b>2,060,693</b>
<b>FUND BALANCES</b>				
Restricted	19,768	13,120,431	274,146	13,414,345
Committed	350,000	--	--	350,000
Assigned	1,552,578	--	--	1,552,578
Unassigned	3,557,480	--	--	3,557,480
<b>TOTAL FUND BALANCES</b>	<b>5,479,826</b>	<b>13,120,431</b>	<b>274,146</b>	<b>18,874,403</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,864,983</b>	<b>\$ 14,795,967</b>	<b>\$ 274,146</b>	<b>\$ 20,935,096</b>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	<b>Major Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	
<b>REVENUES</b>				
Real Estate Taxes and Penalties	\$ 2,816,997	\$ --	\$ --	\$ 2,816,997
Other Taxes	1,157,368	--	--	1,157,368
Licenses and Permits	162,617	--	--	162,617
Fines and Forfeits	161,171	--	--	161,171
Interest, Rents and Royalties	48,107	91,240	2,200	141,547
Intergovernmental Revenue	442,151	774,069	269,504	1,485,724
Charges for Services	1,212,572	--	--	1,212,572
Contributions	21,946	--	--	21,946
Miscellaneous Revenue	76,934	--	--	76,934
<b>TOTAL REVENUES</b>	<b>6,099,863</b>	<b>865,309</b>	<b>271,704</b>	<b>7,236,876</b>
<b>EXPENDITURES</b>				
General Government	896,631	232,627	--	1,129,258
Public Safety	3,407,680	122,056	--	3,529,736
Sanitation	277,165	--	--	277,165
Highways and Streets	803,622	1,120,476	92,028	2,016,126
Other Services	42,822	15,232	--	58,054
Culture and Recreation	407,774	75,931	--	483,705
Community Development	--	192,030	--	192,030
Debt Service	--	1,241,086	15,899	1,256,985
Employee Benefits, Insurance and Other	820,184	--	--	820,184
Miscellaneous Expenditures	2,823	--	--	2,823
<b>TOTAL EXPENDITURES</b>	<b>6,658,701</b>	<b>2,999,438</b>	<b>107,927</b>	<b>9,766,066</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(558,838)</b>	<b>(2,134,129)</b>	<b>163,777</b>	<b>(2,529,190)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	893	61,243	--	62,136
Transfer Out	(61,243)	--	(893)	(62,136)
Refund of Prior Year Expenditures	132,015	--	--	132,015
Lease Proceeds	--	397,871	--	397,871
Compensation for Asset Loss	23,242	--	--	23,242
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>94,907</b>	<b>459,114</b>	<b>(893)</b>	<b>553,128</b>
<b>Changes in Fund Balances</b>	<b>(463,931)</b>	<b>(1,675,015)</b>	<b>162,884</b>	<b>(1,976,062)</b>
<b>Fund Balances – January 1, 2017</b>	<b>3,534,144</b>	<b>14,795,446</b>	<b>111,262</b>	<b>18,440,852</b>
<b>Special Item – Transfer of Operations</b>	<b>2,409,613</b>	<b>--</b>	<b>--</b>	<b>2,409,613</b>
<b>Fund Balances – December 31, 2017</b>	<b>\$ 5,479,826</b>	<b>\$ 13,120,431</b>	<b>\$ 274,146</b>	<b>\$ 18,874,403</b>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS – FIDUCIARY FUNDS  
DECEMBER 31, 2017**

	<u>Pension Trust</u>		
	<u>Non-Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ --	\$ --	\$ 12,107
Investments	<u>1,641,774</u>	<u>8,458,451</u>	<u>160,261</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,641,774</u>	<u>\$ 8,458,451</u>	<u>\$ 172,368</u>
<b>LIABILITIES</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>NET POSITION</b>			
Restricted for			
Pension Benefits	1,641,774	8,458,451	--
Other Projects	<u>--</u>	<u>--</u>	<u>172,368</u>
<b>TOTAL NET POSITION</b>	<u>1,641,774</u>	<u>8,458,451</u>	<u>172,368</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,641,774</u>	<u>\$ 8,458,451</u>	<u>\$ 172,368</u>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
MODIFIED CASH BASIS – FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	<u>Pension Trust</u>		
	<u>Non- Uniform Pension Fund</u>	<u>Police Pension Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>			
State Contributions – Act 205	\$ --	\$ 266,119	\$ --
Municipal Contributions	101,704	97,564	3,000
Investment Income	205,109	1,111,169	27,163
Employee Contributions	--	59,085	--
Membership Dues	--	--	4,091
	<u>306,813</u>	<u>1,533,937</u>	<u>34,254</u>
<b>TOTAL ADDITIONS</b>			
<b>DEDUCTIONS</b>			
Distributions and Benefit Payments	--	264,459	--
Administrative Fees	423	31,333	--
Culture and Recreation	--	--	4,928
Miscellaneous Expenses	--	--	1,478
	<u>423</u>	<u>295,792</u>	<u>6,406</u>
<b>TOTAL DEDUCTIONS</b>			
<b>Changes in Net Position</b>	306,390	1,238,145	27,848
<b>Net Position – January 1, 2017</b>	<u>1,335,384</u>	<u>7,220,306</u>	<u>144,520</u>
<b>Net Position – December 31, 2017</b>	<u>\$ 1,641,774</u>	<u>\$ 8,458,451</u>	<u>\$ 172,368</u>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Columbia were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body of the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

**A. Reporting Entity**

In evaluating the Borough as a reporting entity, management has addressed all potential component units, which may or may not fall within the Borough's financial accountability. The criteria used to evaluate component units for possible inclusion of the Borough's reporting entity are financial accountability and the nature and significance of the relationship. The Borough is not a component unit of another reporting entity, nor does it have any component units.

**B. 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 and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

**C. Basis of Presentation**

**Government-wide financial statements** (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Borough's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the Borough. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Borough reports the following major governmental funds:

The general fund is the Borough's principal operating fund used to account for all financial resources except those required to be in another fund.

The capital projects fund is used to account for financial resources related to general fixed asset acquisitions, construction and improvements. This fund includes the Capital Improvement Fund, Highway Reserve Fund, and Bond Capital Fund.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Additionally, the Borough reports the following nonmajor governmental funds:

The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. This fund includes the Liquid Fuels Fund.

The debt service fund accounts for the accumulation of resources for, and for the payment of, long-term debt principal, interest, and related costs.

Fiduciary Fund Types are used to account for the assets held by the Borough as a trustee or agent for individuals, private organizations and/or governmental units. The funds included in this category are:

Private Purpose Trust Funds are used to account for assets held the by Borough as agent for others. These funds include the Tree Commission Fund and the William F. Lockard Trust Fund.

The Pension Trust Funds provide benefits for Borough employees. The principal revenue source for these funds is state contributions. The funds included in this category are the police pension funds and the non-uniform pension fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements regardless of measurement focus.

The Borough's accounts are maintained, and these statements are presented, on the modified cash basis of accounting under which income collected, costs and expenses paid, assets, liabilities, fund balance and net assets arising as a result of cash transactions or from the acquisition of long-lived assets, for cash are recognized. Receivables, payables, and deferred expenses, which may be material in amount, are not reflected in the accompanying financial statements which are not intended to present the financial position or the results of operations in conformity with generally accepted accounting principles. Receivables and payables from developer escrows resulting from cash transactions are reflected in these financial statements.

E. Budgets and Budgetary Accounting

An operating budget is adopted every year for the general fund on a modified cash basis of accounting. The general fund is the only fund for which a budget is legally required.

Appropriations lapse at the end of the year. Board approval is required for budget amendments. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as assigned fund balance. As of December 31, 2017, the Borough had no encumbrances.

The Borough Council may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are not recorded and are considered an expenditure when purchased. No depreciation has been provided for in these financial statements.

H. Long-Term Debt

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

I. Estimates

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

J. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost, which approximates fair value.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. During the year ended December 31, 2017, the Borough did not have any deferred outflows of resources.

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position 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 until that time. During the year ended December 31, 2017, the Borough did not have any deferred inflows of resources.

L. Net Position Flow Assumption

Sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Borough's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance Policy

The Borough implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Policy (Continued)

Nonspendable – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – amounts that can be used only for the specific purposes determined by a formal action of the Borough Council (the borough's highest level of decision making authority). The Council is required to also take formal action to modify or rescind the commitment,

Assigned – amounts intended to be used by the Borough for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

Unassigned – residual classification for the Borough's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

The Borough's committed fund balances are amounts required to be reported by the Borough Council, either because of policy or because of motions that passed at council meetings.

Assigned Fund Balance Policy

The Borough's assigned fund balances are amounts the Borough intends to use for a specific purpose as expressed by the Borough Manager. The Borough adopted a Fund Balance Policy in November 2011 authorizing the Borough Manager to assign fund balance.

Order of Fund Balance Spending Policy

The Borough's policy is to first apply restricted fund balance, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

Minimum Fund Balance

The Borough's policy is to strive to maintain an unassigned fund balance of not less than seventeen percent (17%) of the budgeted expenditures for the fiscal year. If the unassigned portion of the fund balance falls below the threshold of ten percent (10%) of the budgeted expenditures, the Council will pursue options of increasing revenue and decreasing expenditures, or a combination of both until the ten percent (10%) minimum is attained.

N. Compensated Absences

It is the Borough's policy to permit employees to accumulate earned but unused vacation and paid leave benefits. An expenditure for these amounts is reported in the governmental funds only when paid out to employees. Vacation/paid leave is payable to all employees regardless of how their employment with the Borough is terminated. Accrued sick leave is calculated for the retirement liabilities as stated in the union contracts.



**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

The financial statements for the Borough of Columbia Police Pension Plan are prepared using an accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

P. Changes in Accounting Standards

During the year ended December 31, 2017, the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. The primary objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external reports of state and local governments. The adoption of this standard does not currently impact the Borough.

Q. Date of Management's Review

Management has evaluated subsequent events through May 17, 2018, the date the financial statements were available to be issued.

NOTE 2 – TRANSFER OF OPERATIONS

The Borough of Columbia approved an ordinance to dissolve and terminate the Columbia Municipal Authority with the Commonwealth of Pennsylvania. The official dissolution with the Commonwealth took place in March 2017. On June 30, 2017, the Authority transferred all assets and liabilities of the Wastewater Treatment operations of the Columbia Municipal Authority to the Borough of Columbia. As a result, the following assets, liabilities and net position were transferred as of June 30, 2017:

	<u>Carrying Values</u>
<b>Transferred Assets</b>	
Cash and Investments	\$ 2,458,589
Accounts Receivable (Net)	3,575
Interfund Balances	<u>25,664</u>
<b>Total Transferred Assets</b>	<b><u>\$ 2,487,828</u></b>
<b>Transferred Liabilities</b>	
Accounts Payable	\$ 42,888
Accrued Salaries and Wages	23,927
Accrued Expenses	<u>11,400</u>
<b>Total Transferred Liabilities</b>	<b><u>78,215</u></b>
<b>Transferred Fund Balance</b>	<b><u>\$ 2,409,613</u></b>

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including obligations of (1) the United States of America or any of its agencies or instrumentalities back by full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation are authorized to the extent that such accounts are so insured and, for an amount above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in a variety of investments as determined by the respective boards.

The Borough holds investments in the Pennsylvania Local Government Investment Trust (PLGIT). In accordance with the Government Accounting Standards Board, PLGIT funds are valued at amortized cost. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investment. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. PLGIT does not have any limitations or restrictions on withdrawals from the fund.

The Borough's restricted cash and cash equivalents were \$6,327,579 for the year ended December 31, 2017. The restricted cash and cash equivalents is made up of Fulton Bank Settlement accounts restricted by the bond covenants for G.O. Bonds, Series of 2016.

**Cash**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The Borough does not have a policy for custodial credit risk. As of December 31, 2017, \$3,600,728 of the Borough's bank balance of \$11,052,430 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ --
Collateralized with securities held by the pledging financial institution	--
Uninsured and collateral held by the pledging bank's trust department not in the Borough's name	3,600,728
	<b>\$ 3,600,728</b>

**Reconciliation to Financial Statements**

Uninsured Amount Above	\$ 3,600,728
Plus: Insured Amount	755,746
Add: Deposits in Transit	3,960
Less: Outstanding Checks	(161,423)
Carrying Amount - Bank Balances	4,199,011
Plus: PA Invest - Money Market	8
PLGIT	368,369
Restricted Cash – Fulton Financial Advisors	6,327,579
Cash on Hand	225
<b>Total Cash per Financial Statements</b>	<b>\$ 10,895,192</b>

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The Borough does not have an investment policy that would limit its investment choices to certain credit ratings.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2017, none of the Borough's investments of \$8,301,954 were exposed to custodial risk.

In 2008, the Federal Deposit Insurance Corporation (FDIC) insurance coverage increased to \$250,000. Beginning January 1, 2013, all interest and noninterest bearing demand accounts are aggregated in total by financial institution and are fully insured up to \$250,000. Time and savings accounts also have FDIC insurance coverage up to \$250,000.

Investments

As of December 31, 2017, the Borough had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Wells Fargo - Brokerage Account – CDs	\$ 6,997,075
Wells Fargo – Brokerage Account – Money Market	1,144,618
Wells Fargo - Investment Account (Lockard Trust)	<u>160,261</u>
	<u>\$ 8,301,954</u>

Concentration of Credit Risk – Deposits and Investments

More than 5% of the Borough's governmental and private purpose trust fund deposits and investments are held at various banks. The total deposits and investments were invested in the various financial institutions as follows:

<u>Financial Institution</u>	<u>Deposit Amount</u>	<u>Concentration Percentage</u>
Wells Fargo	\$ 8,303,480	42.90%
Fulton Bank	6,327,579	32.69%
Integrity Bank	2,430,152	12.56%
BB&T	1,924,796	9.95%
Institutions less than 5%	<u>368,377</u>	<u>1.90%</u>
	<u>\$ 19,354,384</u>	<u>100.00%</u>

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 4 – INVESTMENTS - PENSION TRUST FUNDS**

**Investments**

As of December 31, 2017, the Borough had the following investments:

<u>Investment</u>	<u>Fair Value</u>	
<u>Police Pension Fund</u>		
Principal Financial Group	\$ 8,458,451	83.75%
<u>Non-Uniformed Pension Fund</u>		
Principal Financial Group	<u>1,641,774</u>	<u>16.25%</u>
	<u>\$ 10,100,225</u>	<u>100.00%</u>

**Credit Risk**

The Borough does not have an investment policy that would limit its investment choices to certain credit ratings.

**NOTE 5 – PROPERTY TAXES AND TAXES RECEIVABLE**

The Borough of Columbia did not report taxes receivable or deferred taxes under the modified cash basis of accounting. The amount of real estate taxes receivable at December 31, 2017 was \$206,788, all of which was estimated to be collectible by management. The real estate taxes receivable decreased by \$26,173 over the previous year balance of \$232,961.

Property taxes are levied as of January 1 on property values assessed by the county as of the same date. The Borough of Columbia's tax rate for the year ended on December 31, 2017 was 8.00 mills (\$8.00 per \$1,000 of assessed valuation). A 2% discount is given on taxes paid prior to May 1, the face amount is payable May 1 – June 30 and a 10% penalty is assessed on payment received after June 30. Unpaid taxes as of December 31<sup>st</sup> are submitted to the tax claim bureau for collection on January 15<sup>th</sup> of the year following assessment.

**NOTE 6 – LONG-TERM DEBT**

The Borough of Columbia did not report long-term debt on the face of the statements under the modified cash basis of accounting.

The annual changes in the long-term debt are as follows:

	<u>Bonds/Notes Payable</u>	<u>Compensated Absences</u>	<u>Long-Term Debt</u>
Beginning of Year	\$ 9,794,310	\$ 304,160	\$ 10,098,470
Additional Borrowings	397,871	--	397,871
Transfer of Liability – Municipal Authority	10,720,000	--	10,720,000
Principal Retirement	(464,209)	--	(464,209)
Increase in Compensated Absences	<u>--</u>	<u>52,323</u>	<u>52,323</u>
End of Year	<u>\$ 20,447,972</u>	<u>\$ 356,483</u>	<u>\$ 20,804,455</u>

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt consists of the following:

	<u>December 31, 2017</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Obligation Bond – Series 2016	\$ 9,555,000	Various	6/15/2038
General Obligation Bond – Series 2010	10,450,000	Various	11/1/2041
PNC – Municipal Lease	45,101	2.850%	12/15/2019
Wells Fargo – Municipal Lease	<u>397,871</u>	2.690%	5/1/2022
	<u>\$ 20,447,972</u>		

Long-term debt consists of the Series of 2016 General Obligation Bond issued by Fulton Bank and a Municipal Lease through PNC Bank. The Municipal Lease through PNC Bank was for the purchase of equipment for use in the highway department. The lease has a 5-year term. The Series of 2016 General Obligation Bond was issued in December 31, 2016 in the amount of \$9,735,000. The purpose of the bond was to refinance the Series of 2013 General Obligation Note and to satisfy the outstanding principal portion of the Columbia Steam Fire Engine and Hose Company No. 1's United States Department of Agriculture loan in the amount of \$995,000. The Borough received the Fire Company's building in exchange for paying off the loan balance. The bond is payable in semiannual payments at interest rates ranging from .90% to 4.0%.

The calculated future annual payments required to amortize the debt outstanding as of December 31, 2017 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 606,068	\$ 1,088,623	\$ 1,694,691
2019	622,229	1,068,993	1,691,222
2020	649,723	1,044,760	1,694,483
2021	656,387	1,017,306	1,673,693
2022	688,565	986,925	1,675,490
2023-2027	3,515,000	4,450,551	7,965,551
2028-2032	4,510,000	3,443,274	7,953,274
2033-2037	5,910,000	2,043,011	7,953,011
2038-2041	<u>3,290,000</u>	<u>494,416</u>	<u>3,784,416</u>
	<u>\$ 20,447,972</u>	<u>\$ 15,637,859</u>	<u>\$ 36,085,831</u>

General Obligation Bonds, Series of 2010

The Borough of Columbia issued and guaranteed the General Obligation Bonds, Series of 2010 on behalf of the Columbia Municipal Authority. When the Municipal Authority was terminated, the liability was transferred to the Borough. The bond proceeds were to provide funds to upgrade the existing sewer plant, however the project did not come to fruition. The bonds were issued for \$12,000,000 and bear interest rates ranging from 1.899% to 7.554%. The bonds are set to mature in 2041.

The Series of 2010 General Obligation Bonds qualify as Build America Bonds under the American Recovery and Reinvestment Act of 2009. The Borough is eligible to receive a cash subsidy from the United States Treasury equal to 45% of the interest paid on the bonds. The Borough received a cash subsidy of \$158,653 in 2017.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 6 – LONG-TERM DEBT (Continued)

General Obligation Bonds, Series of 2010 (Continued)

As part of the Wastewater Treatment System sale to LASA in May 2015, LASA has agreed to reimburse the Borough for debt payments made on the General Obligation Bonds, Series of 2010. LASA will pay the principal and interest portions less the Build America Bond subsidy, until the bonds can be called in November 2020. For the year ended December 31, 2017, LASA reimbursed the Borough \$490,038 for debt payments. The total receivable for the General Obligation Bond – Series of 2010 from LASA as of December 31, 2017 was \$10,450,000.

Compensated Absences

Accrued compensated absences of \$356,483 consists of accrued vacation/paid leave of \$314,064 and accrued sick leave liability of \$42,419. The accrued vacation/paid leave is computed for all employees who had not used all of their allowable vacation time as of December 31, 2017. The Borough did not have any compensated absence payouts during the year ended December 31, 2017.

NOTE 7 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2017 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$1,675,536	\$ 234,782
Capital Improvement Fund	--	1,354,115
Bond Capital Fund	150	321,571
Highway Reserve Fund	<u>234,782</u>	<u>--</u>
	<u>\$1,910,468</u>	<u>\$1,910,468</u>

The interfund balances between the General Fund, Capital Improvement Fund and Bond Capital Fund represent amounts owed for normal operating costs to be reimbursed. The General Fund balance to the Highway Reserve Fund represents electric generation fees earned.

Transfers between funds during the year ended December 31, 2017 were as follows:

	<u>Transfer from Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ 893	\$ 61,243
Capital Projects Fund	<u>61,243</u>	<u>893</u>
	<u>\$ 62,136</u>	<u>\$ 62,136</u>

The Borough transferred funds to the Capital Improvement Fund to offset costs related to capital projects.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 8 – PENSION PLANS

POLICE PENSION PLAN

Plan Description

The Borough of Columbia Police Pension Plan is a contributory, single-employer retirement plan that covers all full-time uniformed police officers of the Borough.

Benefit Provisions

The plan provides retirement, termination, disability and death benefits to plan members and their beneficiaries, pursuant to Act 600 of 1956, as amended. A participant is eligible for normal retirement after attainment of age 50 and upon completion of 25 years of vesting service.

The normal retirement benefit is calculated as 50% of average compensation, plus a service increment of \$75 per month for each completed year of benefit service in excess of 25 years, up to a maximum service increment of \$450 per month. Average compensation is calculated as the average of all earnings paid by the Borough, excluding unused sick and vacation pay at termination, over the final 36 months of employment.

A member's earned or accrued benefit prior to his normal retirement date is equal to the benefit calculated under the normal retirement benefit formula, multiplied by the ratio of his years of benefit service to date to the total years of benefit service he would have worked had he continued employment to his normal retirement date. If a member continues to work beyond his normal retirement date, he will be eligible to receive his accrued pension payable at his late retirement date.

If a member is disabled in the line of duty, he will receive a disability retirement pension equal to 50% of the salary he was receiving at the time of his disablement reduced by any Social Security disability benefits payable due to the same illness or injury. If a member who is eligible for retirement under the plan dies but is not killed in the line of duty, his surviving spouse or eligible children will receive a pension equal to 50% of the pension the member would have received had he been retired at the time of his death.

Plan Membership

As of December 31, 2017, there were eighteen (18) active plan members, and ten (10) retirees and beneficiaries receiving benefits.

Plan Funding

Member contributions are established at 5% of compensation, which may be reduced or eliminated on an annual basis by resolution. Officers who are members in the plan are required to contribute 4.0% of their salaries to the plan. Interest is credited to each member's account each year at 2.0% per year. The member contribution was 4.0% for 2017 and will be 5.0% for 2018 and later years. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Borough is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Borough may allocate General Municipal Pension State Aid toward the Minimum Municipal Obligation; however, the Borough is ultimately responsible for funding the MMO.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 8 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

The annual required contribution of the plan, the annual pension cost contributed and the net pension obligation for the years ended December 31, 2008 through December 31, 2017 were as follows:

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed By</u>		<u>Net Pension Obligation</u>
		<u>Employer</u>	<u>Others</u>	
2008	132,515	100%	0%	--
2009	122,346	100%	0%	--
2010	127,105	100%	0%	--
2011	257,936	100%	0%	--
2012	250,717	100%	0%	--
2013	260,757	100%+	0%	--
2014	276,813	100%+	0%	--
2015	422,567	100%+	0%	--
2016	363,375	100%+	0%	--
2017	363,683	100%+	0%	--

Net Pension Liability

The net pension liability was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from the January 1, 2017 actuarial valuation. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability as of January 1, 2017 was determined using the following economic assumptions, applied to all periods included in the measurement.

- Inflation: 2.5%
- Salary Increases: 6.5%
- Investment Return: 4.5% (including inflation)

Mortality rates were based on the RP-2014 Mortality tables for males and females, with mortality rates projected using Scale MP-2016.

The long term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 8 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

Determination of Long-Term Expected Rate of Return

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>	<u>Contribution to Rate of Return</u>
Asset Class:			
Small/Mid-Cap Domestic Equity	7.60%	4.50%	.34%
Large-Cap Domestic Equity	29.90%	4.50%	1.35%
International Equity	12.50%	4.50%	.56%
Real Estate	10.00%	3.50%	.35%
Fixed Income	<u>40.00%</u>	2.00%	<u>.80%</u>
Total	<u>100.00%</u>		3.40%
Inflation			<u>2.50%</u>
Long-Term Expected Rate of Return			<u>5.90%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. 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's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 1/1/17	\$ 7,749,210	\$ 7,220,306	\$ 528,904
Changes for the Year:			
Service Cost	258,515	--	258,515
Interest	521,648	--	521,648
Differences between expected and Actual experience	479,690	--	479,690
Changes in Actuarial Assumptions	149,858	--	149,858
Employer Contributions	--	363,683	(363,683)
Employee Contributions	--	56,911	(56,911)
Net Investment Income	--	1,111,169	(1,111,169)
Benefits Payments	(264,459)	(264,459)	--
Administrative Expenses	--	(31,334)	31,334
Net Changes	<u>1,145,252</u>	<u>1,235,970</u>	<u>(90,718)</u>
Balances at 12/31/2017	<u>\$ 8,894,462</u>	<u>\$ 8,456,276</u>	<u>\$ 438,186</u>

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 8 – PENSION PLANS (Continued)

POLICE PENSION PLAN (Continued)

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

The following presents the net pension liability, calculated using the discount rate of 6.50 percent, as well as what the pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
Total Pension Liability	\$ 10,244,516	\$ 8,894,462	\$ 7,794,637
Plan Fiduciary Net Position	<u>(8,456,276)</u>	<u>(8,456,276)</u>	<u>(8,456,276)</u>
Net Pension Liability	<u>\$ 1,788,240</u>	<u>\$ 438,186</u>	<u>\$ (661,639)</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2017, the Borough reported pension expense of \$262,415. At December 31, 2017, the Borough reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in Projected and Actual Experience	\$ 404,029	\$ (427,735)
Changes in Actuarial Assumptions	--	(294,118)
Net Difference between Projected and Actual Investment Earnings	<u>126,221</u>	<u>--</u>
	<u>\$ 530,250</u>	<u>\$ (721,853)</u>

NONUNIFORM PENSION PLAN

Effective January 1, 1982, the Borough adopted a defined contribution money purchase pension plan. All full-time employees, except police officers, are able to join the plan on January 1 or July 1 after completion of one month of service. Normal retirement is based on attainment of age 62 and completion of ten years of service. Upon entering the plan, participants are 100% vested. Upon retirement, the full balance in the participant's account is payable. The plan is funded through municipal contributions and through state allocations from the General Municipal Pension System State Aid Program.

The Borough signed a contract with the Columbia Borough employees' union, which established the Borough's rate of contribution for employee compensation. For 2017, the Borough's rate of contribution was 7% for all nonuniformed members of the plan.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 8 – PENSION PLANS (Continued)

NONUNIFORM PENSION PLAN (Continued)

The defined contribution money purchase plan invests in mutual funds with Principal Investments. The mutual funds allow the participant of the plan to invest in a variety of mutual funds, depending on the investment objective and level of risk each participant wants to assume.

The contribution to the defined contribution money purchase plan to purchase mutual funds was calculated using the salary amount of \$1,452,914 and resulted in a contribution paid in 2017 of \$101,704.

DEFERRED COMPENSATION PLANS

In 2009, the Borough adopted a deferred compensation plan for police employees, in addition to the defined benefit pension plan. The deferred compensation plan qualifies under Section 457 of the Internal Revenue Code. Commencement of deferral of compensation for employees can begin immediately. Employees must notify the Borough of their election to defer compensation. Employee contributions to the deferred compensation plan are discretionary. There is no Borough contribution. Vesting is full and immediate.

The deferred compensation plan invests the funds in guaranteed interest accounts with Principal Financial Group. Total employee contributions to the deferred compensation plan for 2017 were \$33,610.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Other post-employment benefits (OPEB), like pensions, are exchanges of salaries and benefits for future benefits to retain employees. The Borough provides certain health care benefits to retired police as required by collective bargaining agreements. Medical coverage under the plan for eligible retirees and their spouses will be provided through continuation of coverage under the Borough's health, dental and vision plans covering active employees. Retired members will contribute 33 1/3% of the cost of postretirement medical insurance provided under this plan. The cost of retirees' retirement benefits is recognized as expenditure at the time premiums are paid. The Borough has not established a separate OPEB Plan Fund and is on the pay-as-you-go basis.

Police Officers

An officer who retires after 20 years or more of full-time service is eligible for post employment benefits.

Benefits under this plan will cease at age 65, or the age of Medicare eligibility if greater than 65. If a retired officer or his spouse is employed by an employer who provides comparable medical benefits to its employees and their dependent with no premium contributions from the employee, then eligibility for benefits from this plan will cease.

Actuarial Valuation

An actuarial study as of January 1, 2016 was completed by Municipal Finance Partners, Inc. for the purpose of GASB Statement No. 45 reporting. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2016; (1) a 4.0% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 55; (3) mortality life expectancies based on the RP-2000 table; (4) disability expectancies based on the SOA 1987 group LTD table; (5) retirement latest of age 50, age at the completion of 25 years of service, or age on valuation date; (6) 100% are employees are assumed to elect coverage on retiring; (7) 80% of eligible retiring officers are assumed to have a spouse who elects coverage under the plan; (8) health care costs are assumed to increase 6% in 2016, decreasing 1% per year to an ultimate rate of 5% in 2017. Dental and vision insurance costs are assumed to increase by 5% per year.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Annual Required Contribution (ARC)

	2017 <u>Police</u>	2016 <u>Police</u>	2015 <u>Police</u>
Annual Required Contribution (ARC)	\$ 610,376	\$ 610,376	\$ 445,348
Interest on Net OPEB Obligation	106,327	91,070	80,191
Adjustment to ARC	<u>(291,756)</u>	<u>(249,892)</u>	<u>(182,491)</u>
Annual OPEB Cost	424,947	451,554	343,048
Contributions Made (Estimated)	<u>(83,741)</u>	<u>(70,130)</u>	<u>(71,089)</u>
Increase in Net OPEB Obligation	341,206	381,424	271,959
Net OPEB Obligation – Beginning of Year	<u>2,658,163</u>	<u>2,276,739</u>	<u>2,004,780</u>
Net OPEB Obligation – End of Year	<u>\$ 2,999,369</u>	<u>\$ 2,658,163</u>	<u>\$ 2,276,739</u>

Funded Status and Funding Progress

Historical trend information required to be disclosed, beginning as of January 1, 2009 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Payroll
1-1-09	\$ --	\$ 2,710,540	\$ 2,710,540	0.00%	\$ 1,183,745	229.0%
1-1-11	--	3,132,200	3,132,200	0.00%	1,274,096	264.6%
1-1-13	--	2,803,960	2,803,960	0.00%	1,304,752	214.9%
1-1-16	--	3,660,571	3,660,571	0.00%	1,393,785	262.6%

NOTE 10 – CONTINGENT LIABILITIES

Litigation

Several claims are asserted against the Borough. The outcome of these claims is not presently determinable.

Grants

The Borough participates in various federal and state funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Borough is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. The Borough's management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 11 – RISK MANAGEMENT

The Borough is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2017 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 12 – RESTRICTED NET POSITION

The net position in the governmental funds are restricted for police activities, highway projects, as well as for various capital improvement projects taking place within the Borough that are being funded by local, state and federal grants.

The net position in the private purpose trust fund is restricted for Borough shade tree activities and to provide assistance for widows of railroad workers.

NOTE 13 – PARTICIPATION IN RISK SHARING POOL

Effective December 13, 2006, the Borough has elected to become a member of the Pennsylvania Intergovernmental Risk Management Association (PIRMA). Membership includes governmental units throughout a majority of the counties in Pennsylvania. The Borough's coverage includes liability and property insurance. PIRMA provides limits of liability up to \$10,000,000 and property limits determined by property values and replacement costs.

Each member is assessed a premium based on number of employees, territory, property values and other factors. All claims are paid from the pool with reinsurance being purchased by the pool for claims in excess of \$250,000 per occurrence. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share. As of December 31, 2017, the Borough is not aware of any additional assessments relating to the pool.

NOTE 14 – OPERATING LEASES

On May 30, 2013, the Borough entered into an operating lease for vehicles, maintenance equipment, and office equipment. The lease is for a term of five years and requires annual payments of \$31,419. The total amount outstanding on the lease is \$30,698. The lease does contain a non-appropriation clause. The Borough has the option to purchase the leased assets at any time during the lease in accordance with the lease agreement.

In March 2014, the Borough entered into an operating lease for various police capital equipment purchases. The lease is for a term of five years and requires annual payments of \$23,034. The total amount outstanding on the lease is \$45,628. The lease does contain a non-appropriation clause. The Borough has the option to purchase the leased assets at any time during the lease in accordance with the lease agreement.

The Borough also entered into a lease agreement with LEAF Capital Funding, LLC for the rental of two Xerox copiers for 60 months at a rate of \$176 per month per copier. The lease will expire in 2019.

During 2013, the Borough entered into a lease agreement with the United Telephone Company of Pennsylvania LLC for the rental of a parking lot located within the Borough. The lease will expire on September 30, 2017, and thereafter will automatically renew upon the same terms and conditions for 2 successive periods of 5 years each. Either party may terminate the lease agreement at any time by giving notice of termination at least 90 days prior to the expiration. The yearly lease fee is \$1,200 to be paid in advance. The Borough offers parking to Borough residents and visitors at a monthly fee or an hour-by-hour basis with the use of parking meters.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 15 – FUND BALANCE

Restricted Fund Balance

The Borough's restricted fund balances are amounts restricted by outside parties. As of December 31, 2017, the Borough's restricted fund balance was \$13,414,345, which consisted of funds in the amount of \$274,146 restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes; \$19,768 restricted for drug investigation purposes; and \$13,120,431 restricted by outside grants and donations for capital improvements.

Committed Fund Balance

As of December 31, 2017, the Borough's committed fund balance of \$350,000 consisted of funds set aside in the amount of \$150,000 for library capital funding and \$200,000 as a surety for the Lancaster County Land Bank.

Assigned Fund Balance

As of December 31, 2017, the Borough's assigned fund balance of \$1,552,578 consisted of funds set aside for the 2018 budget deficit.

NOTE 16 – ELECTRICAL PLANT MANAGEMENT AND PROFESSIONAL SERVICES AGREEMENT

During 2013, the Borough entered into an agreement with Covanta Harrisburg, Inc. for the purpose of providing certain management and professional services at the Susquehanna Resource Management Complex, owned by the Lancaster County Sewer and Waste Management Authority (LCSWMA). LCSWMA will lease the electrical plant to the Borough, and the Borough will sell the electricity and capacity generated by the electrical plant to the Department of General Services of the Commonwealth of Pennsylvania under a 20-year Power Purchase Agreement. The Borough entered into this agreement with Covanta Harrisburg for services not being performed by LCSWMA. The Borough is to receive \$50,000 annually, in monthly installments, for use of the Borough's name as a licensed energy distributor. There will be no fiscal activity on the Borough's financial statements, other than the annual fee revenue, which was \$50,016 during the year ended December 31, 2017.

NOTE 17 – TAX ABATEMENTS

The Borough has entered into tax abatement agreements with residential and commercial real estate owners under the Local Economic Revitalization Tax Assistance (LERTA) and the Land Bank programs.

Under the LERTA program, the Borough will abate 100% of real estate taxes that would have otherwise been due on qualified new construction or improvements for the first three years from the date of completion, and 50% of real estate taxes for the next two years. During the year ended December 31, 2017, the Borough did not abate any taxes under this program.

Under the Land Bank program, the Lancaster County Land Bank Authority will acquire real property in the Borough and shall attempt to maintain the property and return the property to productive use. The Borough agrees to release all tax liens on the properties and upon sale of the properties, will remit one half of the real estate taxes received to the benefit of the Land Bank Authority. During the year ended December 31, 2017, the Borough did not abate any taxes under this program.

The Borough is also involved in the Pennsylvania Department of Agriculture's Clean and Green Program. The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces. For the year ended December 31, 2017, the Borough abated \$1,512 under this program.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 18 - SELF INSURANCE

Health Insurance

The Borough is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures for employee health claims. These claims are administered by Highmark. During the year ended December 31, 2017, the Borough remitted their contracted monthly amount to IIC who pays the funds directly to Highmark. Under the shared pooling agreement with IIC, the Borough's claims may exceed their monthly contributions and no additional payments are required to cover their underpayment. At the end of the Pool's fiscal year, the excess or deficit of the Pool is allocated to all the members. As of December 31, 2017, the Borough was allocated \$88,663 of the Pool's excess. The Borough was limited to liability for 2017 claims to \$45,000 individually.

Borough contributions for monthly claims liability are shown in the general fund for the year ended December 31, 2017.

As of December 31, 2017, there are no additional assessments relating to the health plan.

NOTE 19 – EXPENDITURES IN EXCESS OF BUDGET

The Borough's Capital Improvement Fund total expenditures exceeded budgeted amounts by \$518,515. The additional expenditures were appropriated from excess revenues received during the year.

NOTE 20 – SUBSEQUENT EVENTS

In 2018, the Borough adopted Ordinance 897 creating an economic development revolving loan program to provide funding that will encourage the purchase, ownership and renovation of commercial and industrial buildings within the Borough. The ordinance created a revolving commercial loan in the amount of \$1,500,000.

In February 2018, the Borough approved the appointment of Environmental Planning and Design as a consultant for completion of the River Park Phase III Site Development Project with a cost not to exceed \$90,000.

On May 10, 2018, the Lancaster Area Sewer Authority (LASA) took over the treatment of the Borough's wastewater, and subsequently the Wastewater Treatment Plant is no longer processing waste. The Borough will no longer receive bulk treatment charges from LASA, nor will they be accepting sewer hauler revenue from outside parties.

**OTHER INFORMATION**  
**OF**  
**BOROUGH OF COLUMBIA**  
**COLUMBIA, PENNSYLVANIA**  
**DECEMBER 31, 2017**



**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – MODIFIED CASH BASIS – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real Estate Taxes and Penalties	\$ 2,841,048	\$ 2,841,048	\$ 2,816,997	\$ (24,051)
Other Taxes	1,175,000	1,087,500	1,157,368	69,868
Licenses and Permits	146,732	161,252	162,617	1,365
Fines and Forfeits	141,500	156,500	161,171	4,671
Interest, Rents and Royalties	66,200	73,200	48,107	(25,093)
Intergovernmental Revenue	466,366	480,866	442,151	(38,715)
Charges for Services	343,185	1,209,535	1,212,572	3,037
Contributions	13,000	14,100	21,946	7,846
Miscellaneous Revenue	<u>68,092</u>	<u>97,792</u>	<u>76,934</u>	<u>(20,858)</u>
<b>TOTAL REVENUES</b>	<u>5,261,123</u>	<u>6,121,793</u>	<u>6,099,863</u>	<u>(21,930)</u>
<b>EXPENDITURES</b>				
General Government	779,733	934,337	896,631	37,706
Public Safety	3,515,314	3,600,568	3,407,680	192,888
Sanitation	--	368,497	277,165	91,332
Highways and Streets	795,461	822,444	803,622	18,822
Other Services	61,000	54,000	42,822	11,178
Culture and Recreation	513,400	508,500	407,774	100,726
Community Development	--	32,880	--	32,880
Employee Benefits, Insurance and Other	779,236	931,605	820,184	111,421
Miscellaneous Expenditures	<u>10,000</u>	<u>9,231</u>	<u>2,823</u>	<u>6,408</u>
<b>TOTAL EXPENDITURES</b>	<u>6,454,144</u>	<u>7,262,062</u>	<u>6,658,701</u>	<u>603,361</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,193,021)</u>	<u>(1,140,269)</u>	<u>(558,838)</u>	<u>581,431</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	147,290	--	893	893
Transfer Out	(203,026)	(65,413)	(61,243)	4,170
Compensation for Asset Loss	--	23,300	23,242	(58)
Refund of Prior Year Expenditures	<u>2,500</u>	<u>132,000</u>	<u>132,015</u>	<u>15</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(53,236)</u>	<u>89,887</u>	<u>94,907</u>	<u>5,020</u>
<b>Changes in Fund Balances</b>	(1,246,257)	(1,050,382)	(463,931)	586,451
<b>Fund Balances – January 1, 2017</b>	3,534,144	3,534,144	3,534,144	--
<b>Special Item – Transfer of Operations</b>	<u>--</u>	<u>2,421,934</u>	<u>2,409,613</u>	<u>(12,321)</u>
<b>Fund Balances – December 31, 2017</b>	<u>\$ 2,287,887</u>	<u>\$ 4,905,696</u>	<u>\$ 5,479,826</u>	<u>\$ 574,130</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – MODIFIED CASH BASIS – CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest, Rents and Royalties	\$ 150,000	\$ 308,652	\$ 55,908	\$ (252,744)
Intergovernmental Revenue	9,000	147,500	774,069	626,569
Charges for Services	<u>1,000</u>	<u>1,000</u>	<u>--</u>	<u>(1,000)</u>
<b>TOTAL REVENUES</b>	<u>160,000</u>	<u>457,152</u>	<u>829,977</u>	<u>372,825</u>
<b>EXPENDITURES</b>				
General Government	122,000	280,148	225,267	54,881
Public Safety	90,000	125,000	122,056	2,944
Sanitation	--	50,000	--	50,000
Highways and Streets	272,500	305,000	506,475	(201,475)
Other Services	35,000	40,000	--	40,000
Culture and Recreation	18,000	101,100	75,931	25,169
Debt Service	<u>206,009</u>	<u>751,052</u>	<u>1,241,086</u>	<u>(490,034)</u>
<b>TOTAL EXPENDITURES</b>	<u>743,509</u>	<u>1,652,300</u>	<u>2,170,815</u>	<u>(518,515)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(583,509)</u>	<u>(1,195,148)</u>	<u>(1,340,838)</u>	<u>(145,690)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	--	(6,791,872)	(6,799,449)	(7,577)
Lease Proceeds	<u>--</u>	<u>--</u>	<u>397,871</u>	<u>397,871</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>(6,791,872)</u>	<u>(6,401,578)</u>	<u>390,294</u>
<b>Changes in Fund Balances</b>	(583,509)	(7,987,020)	(7,742,416)	244,604
<b>Fund Balances – January 1, 2017</b>	<u>14,621,907</u>	<u>14,621,907</u>	<u>14,621,907</u>	<u>--</u>
<b>Fund Balances – December 31, 2017</b>	<u>\$ 14,038,398</u>	<u>\$ 6,634,887</u>	<u>\$ 6,879,491</u>	<u>\$ 244,604</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – MODIFIED CASH BASIS –SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Interest, Rents and Royalties	\$ --	\$ --	\$ 2,200	\$ 2,200
Intergovernmental Revenue	<u>262,883</u>	<u>262,883</u>	<u>269,504</u>	<u>6,621</u>
<b>TOTAL REVENUES</b>	<u>262,883</u>	<u>262,883</u>	<u>271,704</u>	<u>8,821</u>
<b>EXPENDITURES</b>				
Highways and Streets	417,740	417,740	92,028	325,712
Debt Service	<u>--</u>	<u>--</u>	<u>15,899</u>	<u>(15,899)</u>
<b>TOTAL EXPENDITURES</b>	<u>417,740</u>	<u>417,740</u>	<u>107,927</u>	<u>309,813</u>
<b>Changes in Fund Balances</b>	(154,857)	(154,857)	163,777	318,634
<b>Fund Balances – January 1, 2017</b>	<u>110,369</u>	<u>110,369</u>	<u>110,369</u>	<u>--</u>
<b>Fund Balances – December 31, 2017</b>	<u><u>\$ (44,488)</u></u>	<u><u>\$ (44,488)</u></u>	<u><u>\$ 274,146</u></u>	<u><u>\$ 318,634</u></u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
POLICE PENSION PLAN  
DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Total Pension Liability</u>			
Service Cost	\$ 258,515	\$ 265,622	\$ 258,340
Interest	521,648	517,422	483,686
Changes in actuarial assumptions	149,858	--	--
Differences between Expected and Actual Experience	479,690	(615,339)	--
Benefit Payments, Including Refunds of Member Contributions	<u>(264,459)</u>	<u>(226,437)</u>	<u>(234,121)</u>
Net Change in Total Pension Liability	1,145,252	(58,732)	507,905
Total Pension Liability – Beginning	<u>7,749,210</u>	<u>7,807,942</u>	<u>7,300,037</u>
Total Pension Liability – Ending	<u>\$ 8,894,462</u>	<u>\$ 7,749,210</u>	<u>\$ 7,807,942</u>
<u>Plan Fiduciary Net Pension</u>			
Contributions – Employer	\$ 363,683	\$ 363,375	\$ 422,567
Contributions – Member	56,911	67,251	44,755
Net Investment Income	1,111,169	390,310	(39,967)
Benefit Payments, Including Refunds of Member Contributions	(264,459)	(226,437)	(234,121)
Administrative Expense	<u>(31,334)</u>	<u>(27,394)</u>	<u>(30,876)</u>
Net Change in Plan Fiduciary Net Position	1,235,970	567,105	162,358
Plan Fiduciary Net Position – Beginning	<u>7,220,306</u>	<u>6,653,201</u>	<u>6,490,843</u>
Plan Fiduciary Net Position – Ending	<u>\$ 8,456,276</u>	<u>\$ 7,220,306</u>	<u>\$ 6,653,201</u>
Net Pension Liability – Ending	<u>\$ 438,186</u>	<u>\$ 528,904</u>	<u>\$ 1,154,741</u>
Plan fiduciary net position as a percentage of the total pension liability	95.07%	93.17%	85.21%
Covered-employee payroll	\$ 1,436,590	\$ 1,397,034	\$ 1,393,785
Borough’s net pension liability as a percentage of covered-employee payroll	30.50%	37.86%	82.85%

Notes to Schedule:  
Plan Changes: None  
Assumption Changes: None

See accompanying independent auditor’s report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION PLAN  
DECEMBER 31, 2017**

	<u>Actuarially Determined Contribution</u>	<u>Contribution In relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2008	\$ 132,515	\$ 132,515	\$ --	\$ 1,324,485	10.01%
2009	\$ 122,346	\$ 122,346	\$ --	\$ 1,228,329	9.96%
2010	\$ 124,869	\$ 127,105	\$ (2,236)	\$ 1,274,095	9.98%
2011	\$ 244,341	\$ 257,936	\$ (13,595)	\$ 1,207,990	21.35%
2012	\$ 250,717	\$ 250,717	\$ --	\$ 1,304,752	19.22%
2013	\$ 260,757	\$ 260,757	\$ --	\$ 1,328,434	19.63%
2014	\$ 276,813	\$ 276,813	\$ --	\$ 1,395,281	19.84%
2015	\$ 422,567	\$ 422,567	\$ --	\$ 1,393,785	30.32%
2016	\$ 363,375	\$ 363,375	\$ --	\$ 1,397,034	26.01%
2017	\$ 363,683	\$ 363,683	\$ --	\$ 1,436,590	25.32%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the fiscal year in which the contributions are reported.

A summary of the key assumptions and methods used to determine the contribution rates:

- Actuarial Cost Method: Entry Age
- Amortization Period: Level Dollar, Closed
- Remaining Amortization Period: 10/2 years
- Asset Valuation Method: The actuarial value of assets is equal to the market value for actuarial valuation purposes.
- Salary Increases: 4.5%
- Investment Rate of Return: 6.5%
- Retirement Age: Members are assumed to retire on their normal retirement date, or on the valuation date if later
- Mortality: RP-2014 Table, combined rates for small plans, with rates projected using Scale MP-2016

See accompanying independent auditor's report.

**SUPPLEMENTARY INFORMATION**

**OF**

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**DECEMBER 31, 2017**

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS  
CAPITAL PROJECTS FUND  
DECEMBER 31, 2017**

	<b>Capital Improvement Fund</b>	<b>Highway Reserve Fund</b>	<b>Bond Capital Fund</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 91,913	\$ --	\$ --	\$ 91,913
Investments	8,141,693	--	--	8,141,693
Due from Other Funds	--	234,782	150	234,932
<b>Total Current Assets</b>	<u>8,233,606</u>	<u>234,782</u>	<u>150</u>	<u>8,468,538</u>
<b>Restricted Assets</b>				
Cash and Cash Equivalents	--	--	6,327,579	6,327,579
<b>Total Restricted Assets</b>	<u>--</u>	<u>--</u>	<u>6,327,579</u>	<u>6,327,579</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,233,606</u>	<u>\$ 234,782</u>	<u>\$6,327,729</u>	<u>\$ 14,796,117</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 1,354,115	\$ --	\$ 321,571	\$ 1,675,686
<b>TOTAL LIABILITIES</b>	<u>1,354,115</u>	<u>--</u>	<u>321,571</u>	<u>1,675,686</u>
<b>FUND BALANCES</b>				
Restricted	<u>6,879,491</u>	<u>234,782</u>	<u>6,006,158</u>	<u>13,120,431</u>
<b>TOTAL FUND BALANCES</b>	<u>6,879,491</u>	<u>234,782</u>	<u>6,006,158</u>	<u>13,120,431</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,233,606</u>	<u>\$ 234,782</u>	<u>\$6,327,729</u>	<u>\$ 14,796,117</u>

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

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS – CAPITAL PROJECTS FUND  
YEAR ENDED DECEMBER 31, 2017**

	<u>Capital Improvement Fund</u>	<u>Highway Reserve Fund</u>	<u>Bond Capital Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Interest, Rents and Royalties	\$ 55,908	\$ --	\$ 35,332	\$ 91,240
Intergovernmental Revenues	<u>774,069</u>	<u>--</u>	<u>--</u>	<u>774,069</u>
<b>TOTAL REVENUES</b>	<u>829,977</u>	<u>--</u>	<u>35,332</u>	<u>865,309</u>
<b>EXPENDITURES</b>				
General Government	225,267	--	7,360	232,627
Public Safety	122,056	--	--	122,056
Highways and Streets	506,475	--	614,001	1,120,476
Other Services	--	--	15,232	15,232
Culture and Recreation	75,931	--	--	75,931
Community Development	--	--	192,030	192,030
Debt Service	<u>1,241,086</u>	<u>--</u>	<u>--</u>	<u>1,241,086</u>
<b>TOTAL EXPENDITURES</b>	<u>2,170,815</u>	<u>--</u>	<u>828,623</u>	<u>2,999,438</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,340,838)</u>	<u>--</u>	<u>(793,291)</u>	<u>(2,134,129)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	--	61,243	6,799,449	6,860,692
Transfer Out	(6,799,449)	--	--	(6,799,449)
Lease Proceeds	<u>397,871</u>	<u>--</u>	<u>--</u>	<u>397,871</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(6,401,578)</u>	<u>61,243</u>	<u>6,799,449</u>	<u>459,114</u>
<b>Changes in Fund Balances</b>	(7,742,416)	61,243	6,006,158	(1,675,015)
<b>Fund Balances – January 1, 2017</b>	<u>14,621,907</u>	<u>173,539</u>	<u>--</u>	<u>14,795,446</u>
<b>Fund Balances – December 31, 2017</b>	<u>\$ 6,879,491</u>	<u>\$ 234,782</u>	<u>\$6,006,158</u>	<u>\$ 13,120,431</u>

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



**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<u>Debt Service Fund</u>	<u>Liquid Fuels Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ --	\$ 274,146	\$ 274,146
<b>TOTAL ASSETS</b>	<u>\$ --</u>	<u>\$ 274,146</u>	<u>\$ 274,146</u>
<b>LIABILITIES</b>	\$ --	\$ --	\$ --
<b>FUND BALANCES</b>			
Restricted	--	274,146	274,146
<b>TOTAL FUND BALANCES</b>	--	274,146	274,146
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ --</u>	<u>\$ 274,146</u>	<u>\$ 274,146</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	<u>Debt Service Fund</u>	<u>Liquid Fuels Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Interest, Rents, and Royalties	\$ --	\$ 2,200	\$ 2,200
Intergovernmental Revenues	<u>--</u>	<u>269,504</u>	<u>269,504</u>
<b>TOTAL REVENUES</b>	<u>--</u>	<u>271,704</u>	<u>271,704</u>
<b>EXPENDITURES</b>			
Highways and Streets	--	92,028	92,028
Debt Service	<u>--</u>	<u>15,899</u>	<u>15,899</u>
<b>TOTAL EXPENDITURES</b>	<u>--</u>	<u>107,927</u>	<u>107,927</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>--</u>	<u>163,777</u>	<u>163,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	<u>(893)</u>	<u>--</u>	<u>(893)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(893)</u>	<u>--</u>	<u>(893)</u>
<b>Changes in Fund Balances</b>	(893)	163,777	162,884
<b>Fund Balances – January 1, 2017</b>	<u>893</u>	<u>110,369</u>	<u>111,262</u>
<b>Fund Balances – December 31, 2017</b>	<u>\$ --</u>	<u>\$ 274,146</u>	<u>\$ 274,146</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING STATEMENT OF PRIVATE PURPOSE TRUST FUNDS  
MODIFIED CASH BASIS – FIDUCIARY FUNDS  
DECEMBER 31, 2017**

	<u>Tree Commission Fund</u>	<u>William F. Lockard Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,581	\$ 4,526	\$ 12,107
Investments	<u>          --</u>	<u>160,261</u>	<u>160,261</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,581</u>	<u>\$ 164,787</u>	<u>\$ 172,368</u>
<b>LIABILITIES</b>			
	<u>\$          --</u>	<u>\$          --</u>	<u>\$          --</u>
<b>NET POSITION</b>			
Restricted for Other Projects	<u>7,581</u>	<u>164,787</u>	<u>172,368</u>
<b>TOTAL NET POSITION</b>	<u>7,581</u>	<u>164,787</u>	<u>172,368</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 7,581</u>	<u>\$ 164,787</u>	<u>\$ 172,368</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF CHANGES IN PRIVATE PURPOSE TRUST FUNDS  
MODIFIED CASH BASIS – FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	<u>Tree Commission Fund</u>	<u>William F. Lockard Trust Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Investment Income	\$ 7	\$ 27,156	\$ 27,163
Municipal Contributions	3,000	--	3,000
Membership Dues	<u>4,091</u>	<u>--</u>	<u>4,091</u>
<b>TOTAL ADDITIONS</b>	<u>7,098</u>	<u>27,156</u>	<u>34,254</u>
<b>DEDUCTIONS</b>			
Culture and Recreation	4,928	--	4,928
Miscellaneous Expenses	<u>--</u>	<u>1,478</u>	<u>1,478</u>
<b>TOTAL DEDUCTIONS</b>	<u>4,928</u>	<u>1,478</u>	<u>6,406</u>
<b>Changes in Net Position</b>	2,170	25,678	27,848
<b>Net Position – January 1, 2017</b>	<u>5,411</u>	<u>139,109</u>	<u>144,520</u>
<b>Net Position – December 31, 2017</b>	<u>\$ 7,581</u>	<u>\$ 164,787</u>	<u>\$ 172,368</u>

See accompanying independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENTS OF CHANGES IN FUND BALANCES –  
GENERAL FUND, LIQUID FUELS FUND AND CAPITAL RESERVE FUND**

**YEARS ENDED DECEMBER 31, 2013, 2014, 2015, 2016 AND 2017**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>GENERAL FUND</b>					
Beginning Fund Equity	\$ 3,047,877	\$ 3,172,175	\$ 3,669,231	\$ 3,714,621	\$ 3,534,144
Total Revenues and Other Financing Sources	5,029,682	5,572,039	5,317,645	5,395,822	6,256,013
Total Expenditures and Other Financing Uses	(4,905,384)	(5,074,983)	(5,272,255)	(5,576,299)	(6,719,944)
Special Item	--	--	--	--	2,409,613
<b>ENDING FUND BALANCE</b>	<u>\$ 3,172,175</u>	<u>\$ 3,669,231</u>	<u>\$ 3,714,621</u>	<u>\$ 3,534,144</u>	<u>\$ 5,479,826</u>
<b>LIQUID FUELS FUND</b>					
Beginning Fund Equity	\$ 57,864	\$ 122,382	\$ 91,821	\$ 117,850	\$ 110,369
Total Revenues and Other Financing Sources	186,009	200,307	219,980	256,725	271,704
Total Expenditures and Other Financing Uses	(121,491)	(230,868)	(193,951)	(264,206)	(107,927)
<b>ENDING FUND BALANCE</b>	<u>\$ 122,382</u>	<u>\$ 91,821</u>	<u>\$ 117,850</u>	<u>\$ 110,369</u>	<u>\$ 274,146</u>
<b>CAPITAL IMPROVEMENT FUND</b>					
Beginning Fund Equity	\$ 398,100	\$ 939,709	\$ 71,487	\$ 8,236,308	\$ 14,621,907
Total Revenues and Other Financing Sources	2,045,243	2,999,228	9,963,870	10,190,401	1,227,848
Total Expenditures and Other Financing Uses	(1,503,634)	(3,867,450)	(1,799,049)	(3,804,802)	(8,970,264)
<b>ENDING FUND BALANCE</b>	<u>\$ 939,709</u>	<u>\$ 71,487</u>	<u>\$ 8,236,308</u>	<u>\$14,621,907</u>	<u>\$ 6,879,491</u>

See accompanying independent auditor's report.