

CENTRAL BERKS REGIONAL POLICE COMMISSION

FINANCIAL STATEMENTS AND OTHER INFORMATION

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Commissioners of the
Central Berks Regional Police Commission
Reading, Pennsylvania**

Opinions

We have audited the accompanying modified cash basis financial statements of the business-type activities and the aggregate remaining fund information of the Central Berks Regional Police Commission (a special purpose government organization), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Commission'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 respective financial position of the business-type activities and the aggregate remaining fund information of the Central Berks Regional Police Commission for the years ended December 31, 2023 and 2022, and the changes in the modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Central Berks Regional Police Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Central Berks Regional Police Commission'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 Central Berks Regional Police Commission'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 Information

Management is responsible for the other information included in the annual report. The other information comprises the police pension plan schedules of funding progress and employer contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Herbein + Company, Inc.

Reading, Pennsylvania
August 19, 2024

CENTRAL BERKS REGIONAL POLICE COMMISSION

STATEMENTS OF NET POSITION - MODIFIED CASH BASIS

	December 31	
	2023	2022
ASSETS		
Current assets:		
Cash	\$ 546,009	\$ 374,567
Cash - restricted	13,672	10,731
Other assets	25	-
	<u>559,706</u>	<u>385,298</u>
TOTAL ASSETS	559,706	385,298
LIABILITIES		
Current liabilities:		
Payroll withholdings payable	966	12,322
	<u>966</u>	<u>12,322</u>
TOTAL LIABILITIES	966	12,322
NET POSITION		
Restricted	63,532	74,380
Unrestricted	495,208	298,596
	<u>558,740</u>	<u>372,976</u>
TOTAL NET POSITION	<u>\$ 558,740</u>	<u>\$ 372,976</u>

See accompanying notes.

CENTRAL BERKS REGIONAL POLICE COMMISSION

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS**

For the Year Ended December 31

	2023	2022
OPERATING REVENUES		
Charges for services:		
Member payments - police services	\$ 2,382,000	\$ 2,022,048
Member payments - code enforcement	185,500	199,341
Contracted police services - municipalities	1,139,407	1,084,163
Contracted police services - school district	41,667	-
Private police services	17,566	30,494
Other	7,373	6,356
Permits, fees and fines	470	495
Additional member payments	80,000	-
TOTAL OPERATING REVENUES	3,853,983	3,342,897
OPERATING EXPENSES		
Wages	2,326,228	2,253,449
Payroll taxes	40,959	38,506
Insurance benefits	725,786	692,025
Retirement benefits	403,371	372,738
Office supplies and equipment	6,564	5,816
Law enforcement supplies, equipment and uniforms	170,105	41,738
Computer supplies and maintenance	74,561	56,164
Building construction	122,260	56,351
Building repairs and maintenance	11,651	20,232
Vehicle purchase	109,665	93,951
Transportation	70,364	82,629
Utilities	8,527	7,164
Telephone	7,550	6,241
Radio communication	22,131	19,598
Legal and professional	43,985	19,918
Insurance expense	79,883	74,293
Dues and subscriptions	6,683	6,860
Advertising and printing	109	117
Training	16,947	710
Community development	5,900	6,156
Miscellaneous	2,531	796
TOTAL OPERATING EXPENSES	4,255,760	3,855,452
OPERATING LOSS	(401,777)	(512,555)

See accompanying notes.

CENTRAL BERKS REGIONAL POLICE COMMISSION

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - CONTINUED**

	For the Year Ended December 31	
	2023	2022
OPERATING LOSS (from previous page)	(401,777)	(512,555)
NONOPERATING REVENUES		
Interest income	1,291	957
Contributions	15,203	13,231
State grants	210,975	120,000
State pension aid	221,460	196,857
Insurance refunds and dividends	71,660	95,350
Sale of capital assets	22,100	50
Insurance proceeds from loss of capital assets	27,201	-
Other income	17,651	6,826
TOTAL NONOPERATING REVENUES	<u>587,541</u>	<u>433,271</u>
CHANGE IN NET POSITION	185,764	(79,284)
NET POSITION - BEGINNING OF YEAR	<u>372,976</u>	<u>452,260</u>
NET POSITION - END OF YEAR	<u><u>\$ 558,740</u></u>	<u><u>\$ 372,976</u></u>

CENTRAL BERKS REGIONAL POLICE COMMISSION

**STATEMENTS OF NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUND**

	December 31	
	2023	2022
ASSETS		
Cash and investments	<u>\$ 8,287,533</u>	<u>\$ 6,960,487</u>
NET POSITION		
Net position held in trust for pension benefits	<u><u>\$ 8,287,533</u></u>	<u><u>\$ 6,960,487</u></u>

CENTRAL BERKS REGIONAL POLICE COMMISSION

**STATEMENTS OF CHANGES IN NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUND**

	For the Year Ended December 31	
	2023	2022
ADDITIONS		
Contributions:		
Commission	\$ 173,515	\$ 167,004
Commonwealth	221,460	196,857
Employees	96,938	100,676
Investment income (loss)	<u>1,233,953</u>	<u>(1,586,816)</u>
TOTAL ADDITIONS	<u>1,725,866</u>	<u>(1,122,279)</u>
DEDUCTIONS		
Benefit payments	352,787	294,155
Administrative expenses	<u>46,033</u>	<u>42,863</u>
TOTAL DEDUCTIONS	<u>398,820</u>	<u>337,018</u>
CHANGE IN NET POSITION	<u>1,327,046</u>	<u>(1,459,297)</u>
NET POSITION - BEGINNING OF YEAR	<u>6,960,487</u>	<u>8,419,784</u>
NET POSITION - END OF YEAR	<u><u>\$ 8,287,533</u></u>	<u><u>\$ 6,960,487</u></u>

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

The Central Berks Regional Police Commission (the Commission) is a special purpose government organization that was created March 30, 1993. The Commission provides police protection for Lower Alsace and Oley Townships, and the Boroughs of Mount Penn and St. Lawrence. The Borough of Mount Penn and Lower Alsace Township are charter members and are represented with two commissioners and one alternate commissioner who serve on the Commission governing board. The Borough of St. Lawrence and Oley Township are contracted with the Commission to provide police protection and as such they do not have representation on the Commission governing board. The Commission also provides oversight of the code enforcement processes for the Borough of Mt. Penn and Lower Alsace Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As described further in Note 1C., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Commission and its component units.

The Commission used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (municipalities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through the exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Central Berks Regional Police Commission has determined it does not have any component units. Additionally, the Commission is not a component unit of any of the participating municipalities, but instead is considered a special purpose form of government as noted above.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation

Proprietary Fund - All activities of the Commission are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating revenues and expenses are distinguished from nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are charges for police and code enforcement services. Operating expenses include the cost of operations, maintenance, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund - The focus of the fiduciary fund measurement is to account for assets held in a trustee capacity for Commission employees. The fund financial statements are provided even though they are excluded from the Commission's activities. The fiduciary fund is as follows:

Pension Plan of the Central Berks Regional Police Commission - this fund was established to provide pension benefits to Commission employees.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1. Measurement Focus

The Commission utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus and Basis of Accounting - continued

2. Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include payroll taxes and withholdings arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value.

If the Commission utilized the basis of accounting recognized as generally accepted in the United States of America, the financial statements would use the accrual basis of accounting.

D. Budgetary Accounting

The Commission adopts a flexible annual operating budget. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Commission's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year.

E. Financial Position

1. Restricted Cash

The restricted cash represents contributions received by the Commission for the National Night Out and Shop with a Cop events that are unspent, as well as unspent grant funds received from the Commonwealth of Pennsylvania.

2. Investments

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

2. Investments - continued

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net position.

3. Capital Assets

Capital assets arising from cash transactions are recorded as capital outlay expenses upon acquisition. Proceeds from the sale of capital assets are reported as nonoperating revenue.

4. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources and is classified into two categories, as applicable, as follows:

- Restricted net position is an amount that has externally imposed restrictions on how the funds can be spent.
- Unrestricted net position is an amount that does not meet the definition of “restricted” and is available for Commission operations.

5. Net Position Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Commission’s policy to consider restricted resources to have been depleted before unrestricted resources are applied.

F. Use of Estimates

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

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 2 - CASH AND INVESTMENTS

The Commission is permitted to invest funds in:

- United States Treasury bills.
- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) 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, time deposits, certificates of deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

In addition to the investments authorized for the Commissions' operating funds, fiduciary fund investments may be invested as authorized by Title 20 Pennsylvania Consolidated Statutes Chapter 73.

The components of cash and investments, as presented on the financial statements, are as follows at December 31, 2023 and 2022:

	2023	2022
Petty cash	\$ 100	\$ 100
Deposits	559,581	385,198
Pension cash and investments	8,287,533	6,960,487
	<u>\$ 8,847,214</u>	<u>\$ 7,345,785</u>

Cash

Custodial Credit Risk - Deposit

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Commission does not have a policy for custodial credit risk. As of December 31, 2023 and 2022, the carrying amount of the Commission's deposits was \$559,581 and \$385,198, respectively, and the bank balance was \$569,601 and \$450,681, respectively. Of the bank balance at December 31, 2023 and 2022, \$350,638 and \$320,150, respectively, was covered by federal depository insurance and the remaining balance of \$218,963 and \$130,531, respectively, was exposed to custodial credit risk, but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 2 - CASH AND INVESTMENTS - CONTINUED

Investments

Pension Trust Funds

The pension trust funds' investments are held separately from those of other Commission funds. The investments are held in diversified and balanced portfolios consisting of equities, mutual funds and exchange traded funds are stated at fair value. These investments are valued based on the quoted market prices for shares held.

As of December 31, 2023 and 2022, the Commission had the following investments:

Pension cash and investments	Fair Value		Level
	2023	2022	
Equities	\$ 261,381	\$ 62,590	1
Mutual funds - bond funds	439,329	411,788	1
Mutual funds - equity funds	6,020,181	5,157,243	1
Exchange traded funds	435,825	571,171	1
	7,156,716	6,202,792	
Cash equivalents	1,130,817	757,695	N/A
Total pension cash and investments	<u>\$ 8,287,533</u>	<u>\$ 6,960,487</u>	

Interest Rate Risk

The Commission does not have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Commission does not have an investment policy that would limit its investment choices to certain credit ratings. The Commission's investments in pension funds held in equities, mutual funds, and exchange traded funds are not rated.

Concentration of Credit Risk

The Commission places no limit on the amount the Commission may invest in any one issuer. The Commission's fiduciary investments are investments in mutual funds and exchange traded funds are excluded from this risk. There were no other investments that constituted more than 5% of any of the plan net assets available for benefits at December 31, 2023 and 2022.

Custodial Credit Risk - Investment

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the Commission will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Commission has no investments subject to custodial credit risk. Cash equivalents are secured by Federal depository insurance of \$38,366 and \$252,437 for the years ended December 31, 2023 and 2022, respectively.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 3 - INTERMUNICIPAL AGREEMENTS

Member Municipalities

The Borough of Mount Penn and Lower Alsace Township are members of the Commission and make annual payments based on the budgeted expenditures approved. Under the Articles of Agreement, either municipality may terminate the agreement by giving the other party written notice not less than twelve months before the date designated for termination.

The following represents the total payments received from each member municipality for the years ended December 31, 2023 and 2022:

<u>Municipality</u>	2023		
	<u>Police Services</u>	<u>Code Services</u>	<u>Total</u>
Mount Penn	\$ 1,191,000	\$ 92,750	\$ 1,283,750
Lower Alsace	<u>1,191,000</u>	<u>92,750</u>	<u>1,283,750</u>
Total	<u>\$ 2,382,000</u>	<u>\$ 185,500</u>	<u>\$ 2,567,500</u>

<u>Municipality</u>	2022		
	<u>Police Services</u>	<u>Code Services</u>	<u>Total</u>
Mount Penn	\$ 1,011,024	\$ 97,278	\$ 1,108,302
Lower Alsace	<u>1,011,024</u>	<u>102,063</u>	<u>1,113,087</u>
Total	<u>\$ 2,022,048</u>	<u>\$ 199,341</u>	<u>\$ 2,221,389</u>

Contracted Municipalities

The Commission has contracts with the Borough of St. Lawrence and Oley Township to provide police protection services. The Commission entered into a police services agreement with the Borough of St. Lawrence in December 2020 effective for the period of January 1, 2021 through December 31, 2025. The Commission also entered into a police services agreement with the Township of Oley in December 2017 effective for the period of January 1, 2018, through December 31, 2022. A new agreement was reached with the Township of Oley in December 2022 effective for the period of January 1, 2023, through December 31, 2027.

Under the terms of both agreements the respective municipality shall pay an annual base fee due in twelve monthly installments. In addition to the annual base fee, the municipality agrees to pay overtime fees under circumstances identified in the agreement. Either party may terminate the agreement due to a default of any term of this agreement, the disbanding of the police force, or the dissolution of the Commission. In order to exercise this right of termination, the party desiring to terminate the Agreement shall give twelve months advance notice to the other party.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 3 - INTERMUNICIPAL AGREEMENTS - CONTINUED

The following represents the total payments received from each contracted municipality for the years ended December 31, 2023 and 2022:

Municipality	2023		
	Base cost	Overtime	Total
St. Lawrence	\$ 356,866	\$ 7,295	\$ 364,161
Oley	765,045	10,201	775,246
Total	<u>\$ 1,121,911</u>	<u>\$ 17,496</u>	<u>\$ 1,139,407</u>

Municipality	2022		
	Base cost	Overtime	Total
St. Lawrence	\$ 343,141	\$ 6,688	\$ 349,829
Oley	719,230	15,104	734,334
Total	<u>\$ 1,062,371</u>	<u>\$ 21,792</u>	<u>\$ 1,084,163</u>

Annual base cost for police services for the remaining years under contract are as follows:

	St. Lawrence	Oley	Total
2024	\$ 369,356	\$ 809,035	\$ 1,178,391
2025	380,434	849,487	1,229,921
2026	-	883,466	883,466
2027	-	914,388	914,388
Total	<u>\$ 749,790</u>	<u>\$ 3,456,376</u>	<u>\$ 4,206,166</u>

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 3 - INTERMUNICIPAL AGREEMENTS - CONTINUED

Contracted School District School Resource Officer

The Commission entered into an agreement with the Antietam School District (the "District") to provide the District with one School Resource Officer ("SRO") at the District buildings during the academic school year for the period of September 1, 2023 through December 31, 2028. The District shall pay the Commission a monthly fee for the nine months of the academic school year based on the terms set forth in the contract. The agreement shall be automatically renewed for successive one-year terms unless either party requests termination or modification of the agreement. During any renewal term the base cost shall be the 105% of the base cost from the year immediately prior to the renewal term. The amount paid by the District to the Commission for the period ended December 31, 2023 was \$41,667. Annual cost for the SRO services for the remaining years under contract are as follows:

2024	\$	96,562
2025		99,462
2026		103,438
2027		107,575
2028		111,878
Total		<u>\$ 518,915</u>

NOTE 4 - PENSION PLAN

The Commission also administers and contributes to a defined benefit plan: The Police Pension Plan. The plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. The plan is considered a fiduciary component unit of the Commission and is included within in the Commission's financial statements as pension trust fund.

Plan Description

The Commission contributes to the Police Pension Plan, which is a single employer defined benefit public employee retirement system (PERS), controlled by provisions of Ordinance No. 14-2001 and administered by the Commission. The Police Pension Plan covers substantially all full-time employees providing retirement, disability, and death benefits to plan members and beneficiaries.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 4 - PENSION PLAN - CONTINUED

Plan Description - continued

All full-time police employees may become members of the Police Pension Plan. Under the provisions of the plan, pension benefits vest at 100% after 12 years. An employee may retire at age 55 with 25 years of service and receive one-half of member's average monthly compensation during the last 36 months of employment with the Commission, plus a service increment of \$100 per month of each completed year of service in excess of 25 subject to a maximum of \$500. The plan provides for an early retirement benefit which is actuarially reduced after 20 years of service. Annual cost of living adjustments are provided at a rate of 4% provided that the increase shall not exceed the annual increase in the consumer price index and that in no case shall the retirement benefit exceed 75% of the salary used to calculate the benefit and the total cost of living increase shall not exceed 30%. The pension plan also provides for death benefits and disability benefits to plan members and their beneficiaries. The plan includes a deferred retirement option program provision with employees eligible at normal retirement for a maximum period of five years. The plan also calls for an employee contribution of 5% of the current compensation.

Funding Policy

The contribution requirements of plan members and the Commission are established and may be amended by the Commission. The contributions required of the Commission are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For both the years ended December 31, 2023 and 2022, the rate of Commission contributions for the Police Pension Plan was 14.70% of covered payroll. The Commission's contributions to the Police Pension Plan for the years ended December 31, 2023 and 2022 were \$394,975 and \$363,861, respectively, which are equal to or exceed the required contribution for each year.

Deferred Retirement Option Program

Members of the Police Pension Plan who have 25 years of credited service and have reached the age of 50 may elect to enter into the DROP (Deferred Retirement Option Program) for no more than five years. Officers in the DROP have their retirement benefit calculated as of the date of entry into the DROP and accrue no further benefit under the plan. The retirement benefit is paid from the plan and deposited into an account established for the officer, which will be paid in full upon retirement. At December 31, 2023 and 2022, the balance of the Commission's DROP accounts was \$239,062 and \$112,758, respectively, which are not included within the Police Pension Plan assets on the fiduciary fund statements.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 5 - NONUNIFORM EMPLOYEE RETIREMENT PLAN

The Commission administers and contributes to the Central Berks Regional Police Nonuniformed Plan which was established on January 1, 2022. The defined contribution plan does not qualify as a fiduciary component unit or a fiduciary fund of the Commission and therefore is not included in the Commission's financial statements.

Plan Description

The Nonuniformed Defined Contribution Plan is a single-employer plan administered by the Commission with a financial institution providing trust services. The retirement plan allows for nonuniformed employees of the Commission to make elective deferrals of compensation to the plan. The Commission may also make matching contributions as well as nonelective contributions to the plan on the participant's behalf. The Commission approved making annual contributions of \$1,500 per qualified employee as well as a 50% match up to 6% of the employee's contributions. The Commission's contributions to the plan for the years ended December 31, 2023 and 2022 were \$8,396 and \$8,877, respectively.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The current police employment labor contract which covers the period January 1, 2021 - December 31, 2025, includes postemployment health insurance benefit for any police officer who reaches his/her superannuation date and retires. The retiree has the privilege of remaining in the medical benefits programs defined by the current contract for full-time police officers, 100% paid by the Commission for the police officer only. If the police officer desires to continue coverage for his/her eligible dependents, each police officer is solely responsible to pay 100% of the cost of additional coverage for the police officer's dependents. Police officers who participate in the DROP program are eligible anytime their participation in the program ends.

Any police officer who reaches his/her superannuation date or is vested and retires in good standing and receives medical benefits, forfeits the benefits at age 65 if eligible for Medicare. Additionally, any police officer who reaches his/her superannuation date or is vested and retires in good standing and receives medical benefits forfeits the benefits upon obtaining other employment that provides medical insurance. These officers will still be enrolled in dental, eye, and prescription plans currently available.

The Commission has elected to fund these other postemployment benefits on a pay as you go basis. Consequently, there is no OPEB plan established to account for the resources required to fund such costs.

CENTRAL BERKS REGIONAL POLICE COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 7 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Commission retains risk of loss. There were no reductions in insurance coverages for the years ended December 31, 2023 and 2022, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 8 - RESTRICTED NET POSITION

Details of the Commission's net position for the years ended December 31, 2023 and 2022, were as follows:

Restricted Funds

The Commission's restricted funds for the year ended December 31, 2023, are comprised of \$3,100 for National Night Out, \$10,572 for Shop with a Cop, and \$49,860 of unspent federal grant funds for technology upgrades and a generator.

The Commission's restricted funds for the year ended December 31, 2022, are comprised of \$3,589 for National Night Out, \$7,142 for Shop with a Cop, and \$63,649 of unspent federal grant funds for the construction of an evidence garage.

OTHER INFORMATION

CENTRAL BERKS REGIONAL POLICE COMMISSION

**POLICE PENSION PLAN
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS *

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/23	\$ 8,428,813	\$ 9,673,307	\$ 1,244,494	87.1%	\$ 2,019,348	61.6%
01/01/21	7,379,112	8,189,209	810,097	90.1%	2,009,055	40.3%
01/01/19	6,230,282	7,466,484	1,236,202	83.4%	1,759,530	70.3%
01/01/17	5,062,053	6,060,753	998,700	83.5%	1,289,233	77.5%

SCHEDULES OF EMPLOYER CONTRIBUTIONS *

Fiscal Year	Annual Required Contribution	Percentage Contributed
2023	\$ 355,801	100% +
2022	348,400	100% +
2021	376,255	100%
2020	325,242	100%
2019	315,453	100%
2018	196,023	100%

* Schedules prepared in accordance with actuarial valuations performed under PA Act 205.