

NEWBERRY TOWNSHIP
YORK COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

**NEWBERRY TOWNSHIP, PENNSYLVANIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Newberry Township
York County, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2023, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

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

Responsibilities of Management for the Financial Statements

The Township's management is responsible for the preparation and fair presentation of the 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.



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Newberry Township
York County, Pennsylvania

Auditor's Responsibilities for the Audit of the Financial Statements

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

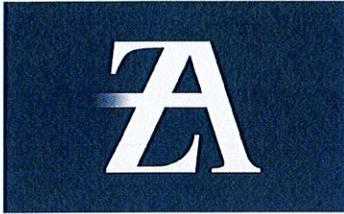
In performing an audit in accordance with GAAS and GAS, we:

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

Adoption of Governmental Accounting Standards Board Pronouncements

As discussed in Note 1 to the financial statements in 2023 the Township adopted the provisions of GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*", and the requirements related to leases, PPPs, and SBITAs of GASB Statement No. 99, "*Omnibus 2022*." Our opinion is not modified with respect to these matters.



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Board of Supervisors
Newberry Township
York County, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund – modified cash basis, the schedule of changes in the net pension liability and related ratios – police pension, schedule of employer contributions – police pension, schedule of investment returns – non-uniformed and police pensions, schedule of changes in the net pension liability and related ratios – non-uniformed employee pension, schedule of employer contributions – non-uniformed pension, schedule of changes in the net OPEB liability and related ratios, and the combining pension trust statements – modified cash basis on pages 42 – 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
June 20, 2024

NEWBERRY TOWNSHIP, PENNSYLVANIA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
DECEMBER 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,362,063	\$ 4,961,910	\$ 9,323,973
Investments	1,784,781	4,185,335	5,970,116
Restricted cash and cash equivalents	1,571,147	-	1,571,147
Restricted investments	64,383	-	64,383
Total current assets	<u>7,782,374</u>	<u>9,147,245</u>	<u>16,929,619</u>
Liabilities:			
Escrow Deposits	352,437	51,685	404,122
Due to Developers (net)	-	920	920
Total liabilities	<u>352,437</u>	<u>52,605</u>	<u>405,042</u>
Net position:			
Restricted for:			
Fire hydrant service	874,934	-	874,934
Road construction and maintenance	601,765	-	601,765
Capital projects	696,177	-	696,177
MESB construction	167,232	-	167,232
Fire tax	241,609	-	241,609
Unrestricted	4,848,220	9,094,640	13,942,860
Total net position	<u>\$ 7,429,937</u>	<u>\$ 9,094,640</u>	<u>\$ 16,524,577</u>

NEWBERRY TOWNSHIP, PENNSYLVANIA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities:							
General government:							
General	\$ 758,485	\$ 237,591	\$ 275,736	\$ -	\$ (245,158)	\$ -	\$ (245,158)
MESB Construction	4,955,891	-	-	-	(4,955,891)	-	(4,955,891)
Public safety	2,931,573	245,511	733,042	-	(1,953,020)	-	(1,953,020)
Public works:							
Highway	1,612,640	-	573,331	-	(1,039,309)	-	(1,039,309)
Other	4,440	161,768	-	-	157,328	-	157,328
Culture and recreation	111,474	73,232	-	-	(38,242)	-	(38,242)
Debt service	278,124	-	-	-	(278,124)	-	(278,124)
Benefits, insurance, and taxes	1,845,561	-	-	-	(1,845,561)	-	(1,845,561)
Total government activities	\$ 12,498,188	\$ 718,102	\$ 1,582,109	\$ -	(10,197,977)	\$ -	(10,197,977)
Business-type activities, sewer operations	\$ 2,444,503	\$ 2,598,567	\$ -	\$ -	-	154,064	154,064
General revenues:							
Taxes:							
Real estate					2,378,760	-	2,378,760
Real estate transfer					437,135	-	437,135
Earned income					2,612,033	-	2,612,033
Local service					209,904	-	209,904
Cable TV franchise tax					175,671	-	175,671
Investment income:							
Interest income					339,300	173,493	512,793
Gain on sale of asset					17,081	-	17,081
Donations					3,261	-	3,261
Refund of prior year expenditures					148,276	-	148,276
Miscellaneous					50,518	-	50,518
Total general revenues					6,371,939	173,493	6,545,432
Change in net position					(3,826,038)	327,557	(3,498,481)
Net position - beginning					11,255,975	8,767,083	20,023,058
Net position - ending					\$ 7,429,937	\$ 9,094,640	\$ 16,524,577

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 MODIFIED CASH BASIS
 DECEMBER 31, 2023

	General Fund	Highway Aid Fund	Capital Reserve Fund	ARPA Fund	MESB Construction Fund	Fire Tax Fund	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 3,062,938	\$ 601,765	\$ 696,177	\$ -	\$ 1,183	\$ -	\$ 4,362,063
Investments	1,784,781	-	-	-	-	-	1,784,781
Restricted cash	1,227,872	-	-	-	101,666	241,609	1,571,147
Restricted investments	-	-	-	-	64,383	-	64,383
Total assets	\$ 6,075,591	\$ 601,765	\$ 696,177	\$ -	\$ 167,232	\$ 241,609	\$ 7,782,374
Liabilities:							
Escrow payable	\$ 352,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,437
Total liabilities	352,437	-	-	-	-	-	352,437
Fund balances:							
Restricted:							
Fire hydrant service	874,934	-	-	-	-	-	874,934
Road construction and maintenance	-	601,765	-	-	-	-	601,765
Capital projects	-	-	696,177	-	-	-	696,177
MESB construction	-	-	-	-	167,232	-	167,232
Fire tax	-	-	-	-	-	241,609	241,609
Unassigned	4,848,220	-	-	-	-	-	4,848,220
Total fund balances	5,723,154	601,765	696,177	-	167,232	241,609	7,429,937
Total liabilities and fund balances	\$ 6,075,591	\$ 601,765	\$ 696,177	\$ -	\$ 167,232	\$ 241,609	\$ 7,782,374

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Highway Aid Fund	Capital Reserve Fund	ARPA Fund	MESB Construction Fund	Fire Tax Fund	Total Governmental Funds
Revenues:							
Taxes	\$ 5,635,653	\$ -	\$ -	\$ -	\$ -	\$ 177,850	\$ 5,813,503
License, fees, and permits	237,016	-	-	-	-	-	237,016
Fines and forfeits	91,226	-	-	-	-	-	91,226
Interest and rents	180,461	41,964	5,884	6,533	101,351	3,107	339,300
Intergovernmental	790,778	573,331	218,000	-	-	-	1,582,109
Charges for services	316,628	-	73,232	-	-	-	389,860
Donations	3,261	-	-	-	-	-	3,261
Miscellaneous	50,518	-	-	-	-	-	50,518
Total revenues	7,305,541	615,295	297,116	6,533	101,351	180,957	8,506,793
Expenditures:							
Current operations:							
General government	803,731	-	-	-	4,910,645	-	5,714,376
Public safety	2,844,793	-	-	-	522	86,258	2,931,573
Public works:							
Highway	1,088,474	524,166	-	-	-	-	1,612,640
Other	4,440	-	-	-	-	-	4,440
Culture and recreation	43,900	-	67,574	-	-	-	111,474
Debt service:							
Principal	164,000	-	-	-	-	-	164,000
Interest	69,400	-	-	-	44,724	-	114,124
Pension and other benefits	1,845,561	-	-	-	-	-	1,845,561
Total expenditures	6,864,299	524,166	67,574	-	4,955,891	86,258	12,498,188
Revenues over (under) expenditures	441,242	91,129	229,542	6,533	(4,854,540)	94,699	(3,991,395)
Other financing sources (uses):							
Refund prior year expenditures	148,276	-	-	-	-	-	148,276
Proceeds from fixed assets	17,081	-	-	-	-	-	17,081
Transfers in	1,701,307	-	-	-	1,173,674	75,000	2,949,981
Transfers out	(1,248,674)	-	-	(1,701,307)	-	-	(2,949,981)
Total other financing sources (uses)	617,990	-	-	(1,701,307)	1,173,674	75,000	165,357
Net changes in fund balances	1,059,232	91,129	229,542	(1,694,774)	(3,680,866)	169,699	(3,826,038)
Fund balances:							
Beginning of year	4,663,922	510,636	466,635	1,694,774	3,848,098	71,910	11,255,975
End of year	5,723,154	601,765	696,177	-	167,232	241,609	7,429,937

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 MODIFIED CASH BASIS
 DECEMBER 31, 2023

	Sewer Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 4,961,910
Investments	4,185,335
Total current assets	\$ 9,147,245
Liabilities:	
Escrow deposits	\$ 51,685
Due to developers (net)	920
Total liabilities	52,605
Net position:	
Unrestricted	9,094,640
Total net position	\$ 9,094,640

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
 STATEMENT OF REVENUES EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY
 FUNDS
 MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Sewer Fund
Operating revenues:	
Charges for services	\$ 2,598,567
Operating expense:	
Salaries	254,569
Payroll taxes	20,597
Employee benefits	175,866
Insurance	30,890
Materials and supplies	14,659
Office expenses	119,853
Utilities - plant electric	76,251
Repairs and maintenance	61,687
Sewer line extensions	373,663
Vehicle expenses	18,989
Chemicals	30,571
Pump station maintenance	40,461
Sludge removal	215,476
Contracted services	82,744
Professional services	73,566
Miscellaneous expenditures	619
Total operating expenses	1,590,461
Operating income	1,008,106
Nonoperating income/(expense):	
Interest income	173,493
Debt service:	
Principal	(795,000)
Interest	(59,042)
Net nonoperating income/(expense)	(680,549)
Net position:	
Beginning	8,767,083
Ending	\$ 9,094,640

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sewer Fund
Cash flows from operating activities:	
Receipts from charges for service	\$ 2,647,048
Payment to employees	(481,922)
Payment to suppliers	(550,185)
Payments for supplies	(184,691)
	1,430,250
Net cash provided by operating activities	1,430,250
Cash flows from investing activities:	
Purchase of investments	(3,047,515)
Investment income	173,493
	(2,874,022)
Net cash used in investing activities	(2,874,022)
Cash flows from capital and related financing activities:	
Principal payments	(795,000)
Interest payments	(59,042)
	(854,042)
Net cash used in capital and related financing activities	(854,042)
Net decrease in cash and cash equivalents	(2,297,814)
Cash and cash equivalents - beginning of period	7,633,387
Cash and cash equivalents - end of period	\$ 5,335,573
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,008,106
Adjustments to reconcile operating income to net cash provided by operating activities:	
Escrow deposits	48,481
	48,481
Net cash provided by operating activities	\$ 1,056,587

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
 STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS
 MODIFIED CASH BASIS
 DECEMBER 31, 2023

	Pension Trust Funds
Assets:	
Investments:	
Fixed income mutual funds	\$ 4,318,266
Equity mutual funds	6,332,042
Other assets	781,074
Receivables	4,948
Total assets	11,436,330
Liabilities:	
Benefits payable	30,357
Total liabilities	30,357
Net position:	
Net position restricted for pensions	\$ 11,405,973

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Pension Trust Funds
Additions:	
Contributions:	
Employer - state aid	\$ 297,222
Employer - other	123,417
Employees	215,855
Employees - buy back	20,780
Total contributions	657,274
Investment income:	
Net appreciation/(depreciation) in fair value of investments	1,308,515
Total investment earnings	1,308,515
Less investment expenses	23,401
Net investment earnings	1,285,114
Total additions	1,942,388
Deductions:	
Benefit payments	711,666
Refund Terminated Member Contributions	8,941
Administrative expenses	19,800
Total deductions	740,407
Changes in net position	1,201,981
Net position - beginning	10,203,992
Net position - ending	\$ 11,405,973

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newberry Township (the "Township") was incorporated in 1742. The Board of Supervisors is comprised of five members, who serve six-year terms.

The Township is a full-service municipality with a 603 thousand gallon daily wastewater treatment facility. The Township encompasses greater than 90 miles of roads and employs 17 full-time police officers. The Township has two municipal parks and a volunteer fire company.

The Township provides sewer, zoning, code enforcement, police, street, and parks services to approximately 15,657 residents.

The following is a summary of the Township's significant accounting principles:

A) Reporting Entity

Consistent with guidance contained in Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, as amended, the criteria used by the Township to evaluate the possible inclusion of related entities (authorities, boards, councils, and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria:

The Township is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Township as defined below:

Impose its Will – If the Township can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden – If the Township is 1) is entitled to the organization's resources or 2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or 3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the Township and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approve of the Township.

Based on the foregoing criteria, no additional entities are included in the accompanying financial statements.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Jointly Governed Organizations

Cumberland County Tax Collection Bureau

The Cumberland County Tax Bureau, a Division of the Cumberland County Tax Collection Committee, collects the local Earned Income and Local Service Tax in three central PA counties. The jurisdiction includes all Cumberland County school districts and municipalities, the West Shore School District and municipalities in northern York County, and the Shippensburg Area School District and municipalities in eastern Franklin County. The Township is represented by one delegate and one alternate to the Cumberland County Tax Collection Committee. The Township's share of the Bureau's expenses was \$36,941 for 2023, which is included in general government expenditures on the financial statements. The financial statements of the Bureau can be obtained from the Administrative Office at 21 Waterford Road, Suite 201, Mechanicsburg, PA 17050.

York Adams Tax Bureau (Bureau)

The Township participates with 21 school districts in Adams and York Counties and the municipalities represented by those school districts for the collection of earned income and local service taxes through the York Adams Tax Bureau. Each school district appoints one representative to serve on the Tax Bureau's Board of Directors and one representative is appointed by each of the participating municipalities. The Township's share of the Bureau's expenses was \$13,519 for 2023, which is included in general government expenditures on the financial statements. The financial statements of the Bureau can be obtained from the Administrative Office at 1405 North Duke Street, York, PA 17404.

C) Basis of Presentation – Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

D) Government-Wide Financial Statements

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

The government-wide statements are prepared using the modified cash basis of accounting which is the same accounting basis used in preparing the fund financial statements.

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds. Fiduciary funds are reported by fund type.

F) Governmental Fund Types

Governmental funds are used to account for the Township's expendable financial resources and related liabilities, except those accounted for in proprietary funds. The following are the Township's governmental fund types:

General Fund – The general fund is the principal operating fund of the Township. It is used to account for all financial resources except those accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Project Funds – These funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities, recreation department expenses, and other capital assets. The only capital projects fund of the Township is the Capital Reserve Fund.

G) Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. Following is the Township's proprietary fund type:

Enterprise Fund – The enterprise fund is used to account for the Township's operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing goods or services to the residents on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans. The sewer fund is used to account for those financial activities. This fund accounts for the revenues and expenses of providing sewer service to residents, commercial and industrial entities, and other neighboring municipalities.

H) Fiduciary Fund Types

These are the funds that account for the assets held by the Township as a trustee or agent for individuals, private organizations, and/or governmental units. The funds included in this category are:

Pension Trust Funds – These funds are used to account for the accumulation of resources to be used for retirement and other benefits. These funds include the non-uniformed pension fund and police pension fund.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Major Fund Types

The funds are further classified major and nonmajor as follows:

Major:

General Fund

Capital Reserve Fund

Special Revenue Funds:

Highway Aid Fund

ARPA Fund

EMS Building Fund

Fire Tax Fund

Proprietary Fund:

Sewer Fund

Nonmajor:

None

J) Basis of Accounting

The accounting and financial reporting treatment is determined by the basis of accounting. The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. Revenues resulting from exchange and nonexchange transactions are recorded when received and expenses are recorded when paid. Exchange transactions involve both parties giving and receiving essentially equal value. Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, earned income taxes, local service taxes, grants, entitlements, and donations. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources. The financial statements are modified from the cash basis to include investments recorded at fair value, escrow deposits, and amounts due to developers.

When both restricted and unrestricted resources are available for use, the Township follows its annual budget in determining whether to use restricted or unrestricted resources first.

The Township distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Township's principal ongoing operations. The principal operating revenues of the Township are charges to customers for sales and services. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

K) Budgets and Budgetary Accounting

An operating budget is adopted each year for substantially all funds on the modified cash basis of accounting. The budget for 2023 was proposed on October 25, 2022, with final adoption on December 13, 2022. There were no budget revisions or amendments.

Budgetary data is included in the Township's management information system and is employed as a management control device during the year.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L) Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand and interest-bearing bank deposits. They are carried at cost, which approximates fair value.

M) Investments

The Township categorizes the fair value measurements of its investments based on the hierarchy established by the modified cash basis of accounting. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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.

N) Restoration Escrow Deposits

A deposit is required when a developer, public utility or contractor must cut a Township road to install or repair utilities. The deposit amount is computer based on square yards of the planned road cut.

O) Observable Escrow Deposits

Developers are required to pay in advance \$700 for smaller projects or 2% of their bonded project costs for larger project with the Township to pay for engineering and review fees. If costs go over the advanced payments, the Township bills developers for additional funds. The Township then transfers these funds from the deposit account of the developer as reimbursement of costs incurred. The amount outstanding at December 31, 2023, represents uncommitted deposits where no costs have yet been incurred and, therefore, are due to the developers. Any unused deposits are returned to the developer upon completion of the project.

P) Capital Assets and Depreciation

The Township follows the modified cash basis of accounting and records all capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), as an expenditure or expense when paid. Since the capital assets are recorded as an expenditure or expense when paid, no depreciation is computed on these assets.

Q) Compensated Absences

The Township allows non-uniformed employees to accumulate unused sick leave to a maximum of 960 hours. Township police hired prior to December 18, 2017, may accumulate unused leave to a maximum of 1600 hours and Township police hired on/after December 19, 2017, may accumulate unused leave to a maximum of 800 hours under their collective bargaining agreement. Upon termination 50% of sick leave is paid out to all employees except employees under the Teamsters contract receive 25% of accumulated sick leave. The Township allows all non-uniform employees to accumulate unused vacation time to a maximum of 400 hours. Township police may accumulate unused vacation time to a maximum of 450 hours. These amounts are recorded as expenses when paid.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R) Pension Plans

The Township maintains a single employer defined benefit pension retirement plan for non-uniformed employees and police covered by the provisions of Ordinance No. 95-262 adopted pursuant to Act 600. The Township adheres to GASB Statement No. 67, *Financial Reporting for Pension Plans*, as applicable to the modified cash basis of accounting. That statement establishes a financial reporting framework for state and local government pension plans that are administered through trusts or equivalent arrangements. GASB 67 applies to stand-alone financial statements issued for governmental pension plans, and to pension plans included as pension trust funds of the sponsoring government unit. That statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities, and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.

The Township also adheres to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27, as applicable to the modified cash basis of accounting. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The financial statements for the Township are prepared on the modified cash basis of accounting and therefore do not reflect any long-term liabilities, deferred outflows and inflows of resources, or related expenses. The Township made all required contributions for the year ended December 31, 2023 and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively. See Note 7 and 8 for additional information related to pensions.

S) Other Postemployment Benefits (OPEB)

The Township's other post-employment benefits offered to Police employees and retirees with 20 years of service credit and hired prior to January 1, 2021, is a single-employer defined plan for the benefits other than pension which is controlled by a collectively bargained agreement between the Township and Newberry Township Patrolman's Association most recently revised February 4, 2021. The Township adheres to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as applicable to the modified cash basis of accounting. Under the modified cash basis of accounting, the Township does not estimate and record long-term liabilities, such as future OPEB liabilities and deferred outflows and inflows of resources related to OPEB. The Township records benefit payments when they are paid. The single-employer OPEB plan is unfunded. See Note 11 for additional information related to OPEB.

T) Fund Balance Classification

Fund balance for the governmental funds can be classified in five different categories: nonspendable, restricted, committed, assigned, and unassigned.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resources providers, constitutionally, or through enabling legislation. Restrictions may be charged only with the consent of the resource providers.

In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Fund Balance Classification (Continued)

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in other classifications. Unassigned amounts are available for any purpose.

The Township typically considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. However, the Township reserves the right to selectively spend unassigned resources first to defer the use of the classified balances. The Township considers committed and assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Restricted Net Position includes amounts for which external restrictions have been imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position represents net position of the Township, not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is Township's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes. The Township has not established a formal policy for its use of unrestricted fund balance amounts.

U) Interfund Activity

Exchange transactions between governmental funds or between proprietary funds are eliminated on the government-wide statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources or uses in governmental funds and after nonoperating revenues or expenses in proprietary funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements.

V) Use of Estimates

The process of preparing financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results may differ from those estimates. The Township's most significant estimate relates to the valuation of investments.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W) Adoption of Governmental Accounting Standards Board Statements

The Township adopted the provisions of GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*", and the requirements related to leases, PPPs, and SBITAs of GASB Statement No. 99, "*Omnibus 2022*."

The adoption of these GASB Statements did not result in modification of previously reported amounts.

X) Pending Changes in Accounting Principles

In April 2022, the GASB issued Statement No. 99, "*Omnibus 2022*." The Township is required to adopt requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 of Statement No. 99 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*." The Township is required to adopt Statement No. 100 for its calendar year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "*Compensated Absences*." The Township is required to adopt Statement No. 101 for its calendar year 2024 financial statements.

In December 2023, the GASB issued Statement No. 102, "*Certain Risk Disclosures*." The Township is required to adopt Statement No. 102 for its calendar year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, "*Financial Reporting Model Improvements*." The Township is required to adopt Statement No. 103 for its calendar year 2026 financial statements.

The effects of the implementation of these standards and their applicability to the modified cash basis of accounting have not yet been determined.

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS

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

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

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy requires that all deposits in excess of FDIC insurance coverage be collateralized with approved collateral as provided by law. At December 31, 2023, the Township's deposits totaled \$10,895,120 and the bank balances totaled \$11,106,228. Of the bank balances, \$750,000 was covered by federal depository insurance and \$10,356,228 was collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of Federal Depository Insurance limits. The pledged collateral is held by the Federal Reserve Bank but is not titled in the Township's name.

Restricted cash of \$1,227,872 in the General Fund at December 31, 2023 represent unexpended Fire Hydrant Tax monies and escrow deposits. Restricted cash of \$101,666 in the EMS Building Fund at December 31, 2023 represent unexpended Grant monies. Restricted cash of \$241,609 in the Fire Tax Fund at December 31, 2023 represent unexpended Fire Tax monies.

Investments

As of December 31, 2023, the Township had the following debt investments and maturities within its Governmental and Proprietary accounts:

Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Bonds	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -
Treasury bills	2,999,731	2,999,731	-	-	-
Total	<u>\$ 3,039,731</u>	<u>\$ 3,039,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023, the Township had the following debt investments and maturities within its pension trust fund accounts:

Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Fixed income mutual funds	\$ 4,318,266	\$ -	\$ 385,920	\$ 3,932,346	\$ -
Total	<u>\$ 4,318,266</u>	<u>\$ -</u>	<u>\$ 385,920</u>	<u>\$ 3,932,346</u>	<u>\$ -</u>

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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.

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Pooled separate accounts categorized as Level 2 are valued by the issuer of the account based on the fair value of the underlying investments.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Pennsylvania Local Government Investment Trust (PLGIT) Liquid Asset Fund is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price.

The Township has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP.

Governmental and Proprietary investments' fair value measurements are as follows at December 31, 2023:

	<u>12/31/2023</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Money Market	\$ 1,145,604	\$ -	\$ 1,145,604	\$ -
Bonds	40,000	40,000	-	-
Treasury Bills	2,999,731	-	2,999,731	-
Total Investments by fair value	<u>4,185,335</u>	<u>\$ 40,000</u>	<u>\$ 4,145,335</u>	<u>\$ -</u>
External Investment Pools	<u>1,849,164</u>			
Total Investments	<u>\$ 6,034,499</u>			

Pension trust fund investments' fair value measurements are as follows at December 31, 2023:

	<u>12/31/2023</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities:				
Fixed Income Mutual Funds	\$ 4,318,266	\$ 4,318,266	\$ -	\$ -
Total Debt Securities	<u>4,318,266</u>	<u>4,318,266</u>	<u>-</u>	<u>-</u>
Equity Securities:				
Equity Mutual Funds	6,332,042	6,332,042	-	-
Other Assets (Real Estate)	781,074	-	-	781,074
Total Equity Securities	<u>7,113,116</u>	<u>6,332,042</u>	<u>-</u>	<u>781,074</u>
Total Investments by fair value	<u>11,431,382</u>	<u>\$ 10,650,308</u>	<u>\$ -</u>	<u>\$ 781,074</u>
Total Investments	<u>\$ 11,431,382</u>			

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk. The Township 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.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township does not have a formal investment policy for credit risk. The Township's deposits in PLGIT was rated AAA by Standard & Poor's. As of December 31, 2023, 100% of the Township's investments in Bonds were rated AA by Standard & Poor's. As of December 31, 2023, 100% of the Township's investment in Treasury Bills were rated AA+ by Standard and Poor's. As of December 31, 2023, 17%, 74%, and 9% of the Township's Fixed Income Mutual Funds were rated AA, AA- and B, respectively by Standard and Poor's.

Concentration of Credit Risk. The Township places no limit on the amount the Township may invest in any one issuer. The investment policy related to pension fund investments is contained in the pension plan documents. Concentrations are defined as investments held by the Township, other than those issued or explicitly guaranteed by the U.S. Government, mutual funds, external investment pools and other pooled investments, in any one organization that represent 5% or more of the total investments of the pension trust funds. At December 31, 2023, there were no concentrations for the Township's total investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. At December 31, 2023, the Township has no investment subject to custodial credit risk.

Restricted Investments

Restricted investments in the EMS Building fund at December 31, 2023 represent unexpended Note proceeds of \$64,383.

NOTE 3 – REAL ESTATE TAXES

Based on assessments provided by the county, real estate taxes are billed and collected by the tax collector. The Township's tax rate for the year ended December 31, 2023, was 2.40 mills (\$2.40 per \$1,000 of assessed valuation) as levied by the Township Board of Supervisors.

The scheduled for real estate taxes levied each year is as follows:

February 15	Levy Date
February 15 – April 15	2% Discount Period
April 16 – June 15	Face Payment Period
June 16 – December 31	10% Penalty Period
January 1	Lien Date

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 4 – INTERFUND ACCOUNTS

There were no internal balances as of December 31, 2023.

Interfund transfers for the year ended December 31, 2023, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,701,307	\$ 1,248,674
ARPA	-	1,701,307
EMS Building	1,173,674	-
Fire Tax	75,000	-
	<u>\$ 2,949,981</u>	<u>\$ 2,949,981</u>

NOTE 5 – GENERAL LONG-TERM DEBT

The Township issues general obligation debt to provide funds for major capital improvements. The Township has pledged its full faith, credit, and taxing power for the guarantee of the debt service on the general obligation notes. All of the Township's general obligation bonds were offered for public sale.

A summary of changes in Governmental general obligation debt is as follows:

	<u>Beginning Balance</u> <u>January 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u> <u>December 31, 2023</u>	<u>Due Within</u> <u>One Year</u>
GON Series 2022	\$ 4,000,000	\$ -	\$ 164,000	\$ 3,836,000	\$ 145,000
Compensated Absences	615,172	-	5,466	609,706	-
	<u>\$ 4,615,172</u>	<u>\$ -</u>	<u>\$ 169,466</u>	<u>\$ 4,445,706</u>	<u>\$ 145,000</u>

Scheduled Governmental debt service requirements are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 145,000	\$ 133,109	\$ 278,109
2025	150,000	128,078	278,078
2026	155,000	122,872	277,872
2027	161,000	117,494	278,494
2028	167,000	111,908	278,908
2029-2033	928,000	468,483	1,396,483
2034-2038	1,103,000	295,610	1,398,610
2039-2042	1,027,000	90,603	1,117,603
Total	<u>\$ 3,836,000</u>	<u>\$ 1,468,157</u>	<u>\$ 5,304,157</u>

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 5 – GENERAL LONG-TERM DEBT (CONTINUED)

A summary of changes in Business-Type general obligation debt is as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31, 2023	Due Within One Year
GOB 2012	\$ 1,840,000	\$ -	\$ 570,000	\$ 1,270,000	\$ 155,000
GOB Series A 2014	225,000	-	225,000	-	-
	<u>\$ 2,065,000</u>	<u>\$ -</u>	<u>\$ 795,000</u>	<u>\$ 1,270,000</u>	<u>\$ 155,000</u>

Scheduled Business-Type debt service requirements are:

	Principal	Interest	Total
2024	\$ 155,000	\$ 38,647	\$ 193,647
2025	160,000	34,385	194,385
2026	160,000	29,985	189,985
2027	175,000	25,185	200,185
2028	175,000	19,935	194,935
2029-2031	445,000	25,740	470,740
Total	<u>\$ 1,270,000</u>	<u>\$ 173,877</u>	<u>\$ 1,443,877</u>

The Township pays the long-term debt obligations from the sewer and general fund, respectively. The Township pays the long-term compensated absences obligations from the general fund.

NOTE 6 – RISK MANAGEMENT

The Township 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. The Township maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 7 – POLICE PENSION PLAN

The Township maintains a single employer defined benefit pension retirement plan for police employees covered by the provisions of Ordinance No. 95-262 adopted pursuant to Act 600. Authority of the Plan falls with the Township's Pension Board. The Township has delegated the authority to manage plan assets to The Principal Life Insurance Company. The Plans are reported as Pension Trust Funds in the accompanying financial statements and stand-alone reports are not issued. Investments of the plan are reported at fair value.

Summary of Significant Accounting Policies**Basis of Accounting**

The plans' financial statements are prepared using the modified accrual basis of accounting. Contributions to the plans are recognized in the period in which contributions are made. Benefits are recognized when paid.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023

NOTE 7 – POLICE PENSION PLAN (CONTINUED)

Summary of Significant Accounting Policies (continued)**Method Used to Value Investments**

The Police Retirement Plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expenses charged to The Principal Life Insurance Company.

Benefits Provided

Following is a summary of the employee eligibility requirements and benefits under the Township's Police Retirement Plan:

Covered Employees	All full-time police persons who works at least 40 hours per week at a definite salary.
Eligibility for Normal Retirement	Attained age 50 and completed 25 years of aggregate service.
Monthly Pension Benefit	Equal to 50% of the monthly average of an employee's total pay for the latest 36 months multiplied by the quotient of the number of completed month of service to date divided by completed months of service remaining to the normal retirement date.
Vesting	100% on or subsequent to 12 years of service.
Required Employee Contribution	1% of compensation as of May 2011 3% of compensation as of January 1, 2012, 5% of compensation as of January 1, 2014.
Disability Benefit	Monthly income payable until normal retirement, death or recovery and a deferred annuity payable at the normal retirement date.
Survivor Annuity Death Benefit	Monthly benefit payable to surviving spouse for life equal to 50% of the participant's accrued monthly retirement benefits at the time of the participant's death
Cost-of-Living Adjustment	Adjustment to the retirement benefit related to the Consumer Price Index (up to 3.0% in such year) with an overall benefit limit of 130% of the normal retirement benefit.

Plan Membership

Membership of each plan consisted of the following at January 1, 2023, for the Police Retirement Pension Plan, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	13
Terminated Employees entitled to benefits, but not yet receiving them	-
Active plan participants	<u>16</u>
Total Plan Membership	29

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 7 – POLICE PENSION PLAN (CONTINUED)

Pension Plan Investments

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The following is the plans target asset allocation:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	
Large Cap	33%
Mid Cap	4%
Small Cap	2%
International Equity	16%
Fixed Income	38%
Real Estate	7%
Cash	0%

For the year ended December 31, 2023, the annual money-weighted rate of return on the Police Retirement pension plan investments, net of pension plan investment expense, was 12.95 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy and Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute 5% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. The state aid, employee, and Township contributions totaled \$413,984 for the year ended December 31, 2023.

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

Concentrations

Concentrations are defined as investments held by the Township, other than those issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments, in any one organization that represents 5% or more of the plan's fiduciary net position. At December 31, 2023 there was one concentration for the Township's pension. All pension assets are invested in pooled separate accounts through an annuity contract with Principal Finance Group.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 7 – POLICE PENSION PLAN (CONTINUED)

Net Pension Liability

The components of the net pension liability of the Police Retirement plan as of December 31, 2023, were as follows:

Total Pension Liability	\$ 11,700,946
Plan Fiduciary Net Position	<u>9,291,816</u>
Net Pension Liability	\$ 2,409,130
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.4%

Changes in the Township's net pension liability for the year ended December 31, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2022	\$ 10,993,087	\$ 8,287,875	\$ 2,705,212
Changes for the year:			
Service cost	315,683	-	315,683
Interest	809,490	-	809,490
Changes of assumptions	644,078	-	644,078
Differences between expected and actual experience	(534,337)	-	(534,337)
Contributions - employer	-	215,855	(215,855)
Contributions - member	-	77,892	(77,892)
Contributions - state aid	-	198,129	(198,129)
Contributions - buy back	20,780	20,780	-
Net investment income	-	1,050,195	(1,050,195)
Benefit payments, including refunds of employee contributions	(547,835)	(547,835)	-
Administrative expense	-	(11,075)	11,075
Net changes	<u>707,859</u>	<u>1,003,941</u>	<u>(296,082)</u>
Balances at 12/31/2023	<u>\$ 11,700,946</u>	<u>\$ 9,291,816</u>	<u>\$ 2,409,130</u>

Actuarial Assumptions

The total pension liability was measured as of December 31, 2023 based on actuarial valuation date as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Projected salary increases	4.75%
Inflation	3.00%

Mortality rates were based on the PUB S-2010 Table for males and females. Improvements were based on Scale MP-2021 for male and female, fully generational.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023

NOTE 7 – POLICE PENSION PLAN (CONTINUED)

Expected Long-Term Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 percentages and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	
Large Cap	6.20%
Mid Cap	7.25%
Small Cap	7.25%
International Equity	6.91%
Fixed Income	2.65%
Real Estate	5.01%
Cash	0.76%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

The actuarial assumptions used in the January 1, 2023 valuation were based upon past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. A recent actuarial experience study was not performed.

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

The following presents the net pension liability of the Township, calculated using the discount rate of 7.25%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%).

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Township's net pension liability	\$ 3,974,022	\$ 2,409,130	\$ 1,114,070

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 7 – POLICE PENSION PLAN (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2023, the Township recognized pension expense of \$578,440. At December 31, 2023 the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 660,629
Changes in assumptions	674,430	-
Net difference between projected and actual earnings on pension plan investments	844,095	-
Total	\$ 1,518,525	\$ 660,629

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

Year ended December 31:	
2024	\$ 244,099
2025	311,681
2026	362,212
2027	(85,078)
2028	(5,048)
Thereafter	30,030
Total	\$ 857,896

NOTE 8 – NON-UNIFORMED PENSION PLAN

The Township maintains a single employer defined benefit pension retirement plan for non-uniformed employees covered by the provisions of Ordinance No. 95-262 adopted pursuant to Act 600. Authority of the Plan falls with the Township's Pension Board. The Township has delegated the authority to manage plan assets to The Principal Life Insurance Company. The Plans are reported as Pension Trust Funds in the accompanying financial statements and stand-alone reports are not issued. Investments of the plan are reported at fair value.

Summary of Significant Accounting Policies**Basis of Accounting**

The plans' financial statements are prepared using the modified accrual basis of accounting. Contributions to the plans are recognized in the period in which contributions are made. Benefits are recognized when paid.

Method Used to Value Investments

The Non-Uniformed Retirement Plans' unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expenses charged to The Principal Life Insurance Company.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023

NOTE 8 – NON-UNIFORMED PENSION PLAN (CONTINUED)

Benefits Provided

Following is a summary of the employee eligibility requirements and benefits under the Township's Non-Uniformed Retirement Plan:

Covered Employees	All non-uniformed employees join the plan after attainment of age 18.
Eligibility for Normal Retirement	Attained age 65.
Monthly Pension Benefit	Equal to 1.67% of average compensation multiplied by accrual service (maximum 25 years).
Vesting	100% immediate.
Required Employee Contribution	Effective January 1, 2019, 4% of compensation for participants covered by the contract with the Teamsters Union, 5% of compensation for all other participants.
Disability Benefit	None.
Survivor Annuity Death Benefit	Monthly annuity payable to spouse, deferred to participant's earliest retirement date (age 55 and ten years service) if later than date of death. The amount paid is equal to what would have been paid had the participant terminated employment on the date of death and survived to his/her earliest retirement age, retired with a qualified joint and 50% survivor annuity in effect, then died the next day.
Cost-of-Living Adjustment	None.

Plan Membership

Membership of each plan consisted of the following at January 1, 2023, for the Non-Uniformed Retirement Pension Plan, the date of the latest actuarial valuation:

	NEPP
Retirees and beneficiaries currently receiving benefits	19
Terminated Employees entitled to benefits, but not yet receiving them	12
Active plan participants	<u>16</u>
Total Plan Membership	47

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 8 – NON-UNIFORMED PENSION PLAN (CONTINUED)

Pension Plan Investments

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The following is the plans target asset allocation:

Asset Class	Target Allocation
Domestic Equity	
Large Cap	34%
Mid Cap	4%
Small Cap	2%
International Equity	16%
Fixed Income	37%
Real Estate	7%
Cash	0%

For the year ended December 31, 2023, the annual money-weighted rate of return on the Non-Uniformed Retirement pension plan investments, net of pension plan investment expense, was 12.66 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy and Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute 5% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. The state aid, employee, and Township contributions totaled \$99,093 for the year ended December 31, 2023.

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

Concentrations

Concentrations are defined as investments held by the Township, other than those issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments, in any one organization that represents 5% or more of the plan's fiduciary net position. At December 31, 2023, there was one concentration for the Township's pension. All pension assets are invested in pooled separate accounts through an annuity contract with Principal Finance Group.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 8 – NON-UNIFORMED PENSION PLAN (CONTINUED)

Net Pension Liability

The components of the net pension liability of the Non-Uniformed Retirement plan as of December 31, 2023 were as follows:

Total Pension Liability	\$ 2,788,169
Plan Fiduciary Net Position	<u>2,114,157</u>
Net Pension Liability	\$ 674,012
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.8%

Changes in the Township's net pension liability for the year ended December 31, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/2022	\$ 2,591,868	\$ 1,916,117	\$ 675,751
Changes for the year:			
Service cost	74,048	-	74,048
Interest	194,317	-	194,317
Changes of assumptions	112,947	-	112,947
Differences between expected and actual experience	(12,239)	-	(12,239)
Contributions - employer	-	-	-
Contributions - member	-	45,525	(45,525)
Contributions - state aid	-	99,093	(99,093)
Net investment income	-	234,919	(234,919)
Benefit payments, including refunds of employee contributions	(172,772)	(172,772)	-
Administrative expense	-	(8,725)	8,725
Net changes	<u>196,301</u>	<u>198,040</u>	<u>(1,739)</u>
Balances at 12/31/2023	<u>\$ 2,788,169</u>	<u>\$ 2,114,157</u>	<u>\$ 674,012</u>

Actuarial Assumptions

The total pension liability was measured as of December 31, 2023 based on actuarial valuation date as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Projected salary increases	4.25%

Mortality rates were based on the PUB G-2010 Table for males and females. Improvements were based on Scale MP-2021 for male and female, fully generational.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 8 – NON-UNIFORMED PENSION PLAN (CONTINUED)

Expected Long-Term Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 percentages and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	
Large Cap	6.20%
Mid Cap	7.25%
Small Cap	7.25%
International Equity	6.91%
Fixed Income	2.66%
Real Estate	5.01%
Cash	0.76%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

The actuarial assumptions used in the January 1, 2023 valuation were based upon past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the Plan. A recent actuarial experience study was not performed.

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

The following presents the net pension liability of the Township calculated using the discount rate of 7.25%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%).

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Township's net pension liability	\$ 960,358	\$ 674,012	\$ 428,388

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 8 – NON-UNIFORMED PENSION PLAN (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2023, the Township recognized pension expense of \$156,402. At December 31, 2023 the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,115
Changes in assumptions	115,055	-
Net difference between projected and actual earnings on pension plan investments	212,539	-
Total	<u>\$ 327,594</u>	<u>\$ 23,115</u>

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

Year ended December 31:	
2024	\$ 94,748
2025	99,999
2026	109,413
2027	319
2028	-
Thereafter	-
Total	<u>\$ 304,479</u>

NOTE 9 – DEFERRED COMPENSATION

The Township offers a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to certain Township employees. In accordance with GASB Statement No. 97, this plan does not meet the requirements to be reported as a fiduciary activity within the Township's financial statements. The plan permits employees to defer a portion of their salary until future years. The compensation deferred is not available until termination, retirement, death, or disability. Employees can elect to defer up to a maximum percentage of their compensation as specified in the plan document. There are no employer contributions to the plan.

NOTE 10 – FUND BALANCE CLASSIFICATIONS

At December 31, 2023, components of fund balance are as follows:

	General Fund	Highway Aid Fund	Capital Reserve Fund	EMS Building Fund	Fire Tax Fund
Restricted for:					
Fire hydrant service	\$ 874,934	\$ -	\$ -	\$ -	\$ -
Road construction and maintenance	-	601,765	-	-	-
Capital projects	-	-	696,177	-	-
ARPA	-	-	-	-	-
EMS	-	-	-	167,232	-
Fire tax	-	-	-	-	241,609
Unrestricted	<u>4,848,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,723,154</u>	<u>\$ 601,765</u>	<u>\$ 696,177</u>	<u>\$ 167,232</u>	<u>\$ 241,609</u>

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS

Description

The Township maintains a single-employer defined benefit plan to provide postemployment healthcare benefits to Township Police employees hired prior to January 1, 2021. The Board of Supervisors is authorized to establish and amend the financing requirements and benefits, subject to the Uniform collective bargaining agreement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue stand-alone financial statements.

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>16</u>
Total	<u><u>17</u></u>

Benefits Provided

Police employees hired prior to January 21, 2021 are eligible for benefits. Police employees hired after January 1, 2021, are not eligible for benefits. The plan provides employees with 20 years of service medical, dental, and vision coverage during the first four years of retirement at no cost to them. It also provides coverage for their spouses and dependent children. The eligible police retirees and their spouses can continue coverage after the first four years by paying 100% of the cost. The Plan provides employees with 25 years of service medical, dental, and vision coverage during the first five years of retirement at no cost to them. It also provides coverage for their spouses and dependent children. The eligible police retirees and their spouses can continue coverage after the first five years by paying 50% of the cost in the sixth year. The Township does not issue a separate financial report for the plan.

Funding Policy

The Township has elected to finance postemployment benefits on a pay-as-you-go basis. The Township recognizes expenditures for postemployment group insurance when paid by the Township. During the year ended December 31, 2023, the Township paid benefits and recognized expenditures in the amount of \$40,145. These financial statements assume that pay-as-you-go funding will continue.

Net OPEB Liability

The components of the net OPEB liability of the Township as of December 31, 2023, were as follows:

Total OPEB Liability	\$ 3,135,044
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	\$ 3,135,044
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0%

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, and update procedures were used to roll forward the total OPEB liability to December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.75 percent compounded annually
Discount Rate	4.00 percent
Healthcare cost trend rates	8.50% in 2023-2024 and gradually decreasing to 3.45% by 2075

The discount rate was based on Based on the S&P 20-year municipal bond rate published as of December 31, 2023.

Mortality rates were based on the 2010 Public Safety Amount Weighted Mortality for Male and Female Healthy Annuitants projected to 2027 using improvement scale MP-2021.

The actuarial assumptions used in the January 1, 2022 valuation were based on historical results, as a recent experience study was not completed.

Changes in the Total OPEB Liability

Changes in the Township's total OPEB liability for the plan for the year ended December 31, 2023, were as follows:

	<u>Total OPEB Liability</u>
Balance at 1/1/2023	\$ 2,764,051
Changes for the year:	
Service Cost	202,676
Interest	127,042
In Assumptions	79,920
Benefit Payments	<u>(38,645)</u>
Net Changes	<u>370,993</u>
Balance at 12/31/2023	<u>\$ 3,135,044</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	<u>\$ 3,402,029</u>	<u>\$ 3,135,044</u>	<u>\$ 2,882,200</u>

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5% decreasing to 2.45%) or 1-percentage-point higher (9.5% decreasing to 4.45%) than the current healthcare cost trend rates:

	1% Decrease 7.5% decreasing to 2.45%	Medical Trend Rate 8.5% decreasing to 3.45%	1% Increase 9.5% decreasing to 4.45%
Total OPEB Liability	\$ 2,682,490	\$ 3,135,044	\$ 3,672,639

Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the Township recognized OPEB expense of \$356,991. At December 31, 2023, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 229,962	\$ -
Changes in assumptions	139,573	25,034
Total	\$ 369,535	\$ 25,034

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

2024	\$ 25,773
2025	25,773
2026	25,773
2027	25,773
2028	25,773
Thereafter	215,636
Total	\$ 344,501

NOTE 12 – CONTINGENCIES AND COMMITMENTS

General

Developers operating in the Township are required to obtain letter of credit, payment or insurance bonds or other escrow agreements to provide assurance that projects will be completed according to approved specifications and on a timely basis. Should one or more of these instruments expire and a default occur, it may be necessary for the Township to take over the defaulted project. Outstanding project guarantees at December 31, 2023, amounted to approximately \$11,825,205.

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 12 – CONTINGENCIES AND COMMITMENTS (CONTINUED)

During the normal course of performing its duties for the general public which it serves, the Township is subject to various disputes, claims and lawsuits. It is management's opinion that any such actions would not have a material adverse effect on the financial position of the Township.

The Township is audited by the State's Department of the Auditor General. Findings, if any, from these audits could result in the repayment of funds or the receipt of additional funds.

The Township participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and review by the grantor agencies; therefore, any findings or adjustment by the grantor agencies could have an effect on the related grant revenues and expenditures.

Collective Bargaining Agreements

The Township has entered into a collective bargaining agreement with Teamsters Local 776 which will expire December 31, 2026. The agreement stipulates wages, benefits, and general working conditions for the Township's road crew. Pay increases of 2.75% per year are scheduled for each year remaining on the agreement.

The Township has entered into a collective bargaining agreement with Newberry Township Patrolman's Association which will expire December 31, 2024. The agreement stipulates wages, benefits, and general working conditions for the Township's police officers. Pay increases of 2.0% per year are scheduled for each year remaining on the agreement.

NOTE 13 – SEWER IMPROVEMENT AGREEMENTS

The Township has entered into a sewer improvement agreement with local developer dealing with the sewer facilities in one of the developments. A description of the agreements is as follows:

McNaughton Project/Influent Pumping Station (Township Project)

The developer agreed to install certain sewerage transmission facilities to be connected with existing and proposed sewerage facilities of the Township known as the "McNaughton Project" at the developer's cost. The Township secured funding in the form of a municipal bond in the amount of \$1,600,000 to initially fund the project. Upon depletion of the Township funds the developer was responsible for funding the remaining costs up to a maximum of \$1,539,980. The developer was given a reimbursement credit in the amount of \$1,266,300 to be repaid with the reduced tapping fees. In addition, the developer will be paid a supplemental reimbursement and management fee which will be supplemented by a special purpose component cost added to the tapping fee. \$37,732 in credits were issued in 2023 leaving a remaining credit balance of \$1,151,117 as of December 31, 2023.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023

NOTES 14 – INTERMUNICIPAL AGREEMENT

Goldsboro Municipal Authority has reserved capacity in the Township's municipal sewage treatment system under terms of an intermunicipal agreement. The Goldsboro Municipal Authority has reserved capacity for a specified number of gallons per day. The Goldsboro Municipal Authority is required to make quarterly payments which are based upon estimated wastewater flows and annual operations and maintenance costs. Annually, the Township completes a reconciliation of the wastewater treatment plant operating and maintenance costs, as confirmed in the annual Township audit report, and adjusts the fourth quarter payment as needed. In addition, Goldsboro Municipal Authority pays flat yearly fees (adjusted annually based on the Consumer Price Index (CPI)) for the conveyance and administrative costs associate with sewage processing. The Goldsboro Municipal Authority agreed to pay the Township 13% of the McNaughton agreement. Total cost was \$397,972. The remaining balance due to the Township at December 31, 2023, was \$155,005.

NOTES 15 – COMPLIANCE

The following funds had excess of actual expenditures over budget for the year ended December 31, 2023:

	Appropriations	Expenditures	Excess Over Appropriations
General Fund	\$ 6,289,714	\$ 6,864,299	\$ 574,585

Excess revenues provided the funds to cover the excess expenditures.

SUPPLEMENTARY INFORMATION

GENERAL FUND
 MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2023
 (REQUIRED SUPPLEMENTARY INFORMATION)

	<u>Budgeted amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 4,961,000	\$ 4,961,000	5,635,653	\$ 674,653
Licenses, fees and permits	234,400	234,400	237,016	2,616
Fines and forfeits	92,000	92,000	91,226	(774)
Interest and rents	4,600	4,600	180,461	175,861
Intergovernmental	545,000	545,000	790,778	245,778
Charges for service	325,303	325,303	316,628	(8,675)
Donations	-	-	3,261	3,261
Miscellaneous	122,000	122,000	50,518	(71,482)
Total Revenues	6,284,303	6,284,303	7,305,541	1,021,238
Expenditures:				
General government	613,360	613,360	803,731	(190,371)
Public safety	3,929,090	3,929,090	2,844,793	1,084,297
Public works:				
Highway	1,091,898	1,091,898	1,088,474	3,424
Other	19,000	19,000	4,440	14,560
Culture and recreation	31,000	31,000	43,900	(12,900)
Debt service	-	-	233,400	(233,400)
Miscellaneous	9,298	9,298	-	9,298
Pension and other benefits	596,068	596,068	1,845,561	(1,249,493)
Total expenditures	6,289,714	6,289,714	6,864,299	(574,585)
Other financing sources/(uses):				
Refund of prior year expenditures	20,000	20,000	148,276	128,276
Proceeds from disposal of fixed assets	20,000	20,000	17,081	(2,919)
Transfers in	1,774,436	1,774,436	1,701,307	(73,129)
Transfers out	(75,000)	(75,000)	(1,248,674)	(1,173,674)
Total other financing sources/(uses)	1,739,436	1,739,436	617,990	(1,121,446)
Net change in fund balances	\$ 1,734,025	\$ 1,734,025	\$ 1,059,232	\$ (674,793)

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
 POLICE PENSION
 (REQUIRED SUPPLEMENTARY INFORMATION)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Costs	\$ 315,663	\$ 309,069	\$ 295,054	\$ 279,229	\$ 266,567	\$ 254,704	\$ 243,154	\$ 210,248	\$ 200,714	\$ 200,071
Interest	809,490	805,824	758,228	721,999	680,837	640,733	607,721	579,409	544,694	521,594
Changes of Benefit Terms	(534,337)	-	(280,578)	-	-	-	(172,400)	-	(214,963)	-
Differences Between Expected and Actual Experience	644,078	-	136,097	-	109,300	-	15,332	-	272,621	-
Changes of Assumptions	20,760	-	-	-	-	-	-	-	-	-
Contributions - Buy Back	(547,835)	(420,925)	(429,773)	(432,042)	(425,853)	(572,391)	(309,559)	(299,778)	(314,247)	(227,846)
Benefit Payments, including Refunds of Member Contributions	707,859	693,968	477,028	569,186	630,851	323,046	393,248	489,879	488,819	493,779
Net Change in Total Pension Liability	10,993,087	10,299,119	9,822,091	9,252,905	8,522,054	8,299,008	7,905,760	7,415,881	6,927,062	6,433,283
Total Pension Liability - beginning	\$ 111,700,946	\$ 10,993,087	\$ 10,299,119	\$ 9,822,091	\$ 9,252,905	\$ 8,622,054	\$ 8,299,008	\$ 7,905,760	\$ 7,415,881	\$ 6,927,062
Total Pension Liability - ending (a)										
Plan Fiduciary Net Position										
Contributions - Employer	\$ 215,855	\$ 221,662	\$ 269,938	\$ 239,480	\$ 225,361	\$ 245,254	\$ 217,679	\$ 179,299	\$ 120,911	\$ 111,743
Contributions - State Aid	198,129	198,857	155,533	149,122	153,287	149,900	132,883	166,236	196,833	170,388
Contributions - Member	77,892	83,572	84,162	81,413	78,142	73,364	69,531	68,009	63,254	65,063
Contributions - Buy Back	20,760	-	-	-	-	-	-	-	-	-
Net Investment Income	1,050,195	(1,527,412)	868,898	947,872	1,189,816	(336,756)	909,640	304,995	(54,645)	283,501
Benefit Payments, including Refunds of Member Contributions	(547,835)	(420,925)	(429,773)	(432,042)	(425,853)	(572,391)	(300,559)	(299,778)	(314,247)	(227,846)
Administrative Expense	(11,075)	(20,424)	(5,875)	(5,925)	(5,800)	(5,995)	(5,915)	(5,915)	(7,165)	(4,625)
Net Change in Plan Fiduciary Net Position	1,003,941	(1,464,670)	962,903	980,020	1,214,953	(446,624)	1,023,259	412,846	(35,059)	398,294
Plan Fiduciary Net Position - beginning	\$ 2,287,875	\$ 9,752,545	\$ 8,789,642	\$ 7,809,622	\$ 6,594,669	\$ 7,041,293	\$ 6,018,034	\$ 5,605,188	\$ 5,640,247	\$ 5,241,993
Plan Fiduciary Net Position - ending (b)	\$ 9,291,816	\$ 8,287,875	\$ 9,752,545	\$ 8,789,642	\$ 7,809,622	\$ 6,594,669	\$ 7,041,293	\$ 6,018,034	\$ 5,605,188	\$ 5,640,247
Borough's Net Pension Liability - ending (a) - (b)	\$ 2,409,130	\$ 2,705,212	\$ 546,574	\$ 1,032,449	\$ 1,443,283	\$ 2,027,395	\$ 1,257,715	\$ 1,887,726	\$ 1,810,693	\$ 1,268,815
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.4%	75.4%	94.7%	88.5%	84.4%	76.5%	84.8%	76.1%	75.6%	81.4%
Covered Payroll	\$ 1,634,862	\$ 1,669,902	\$ 1,495,247	\$ 1,553,318	\$ 1,474,510	\$ 1,387,450	\$ 1,334,855	\$ 1,294,477	\$ 1,318,495	\$ 1,363,366
Borough's Net Pension Liability as a Percentage of Covered Payroll	147.4%	162.0%	36.6%	66.5%	97.9%	146.1%	94.2%	145.8%	137.3%	94.4%

Notes to schedule

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA, the interest rate assumption was lowered from 8% to 7.75% per annum, and the salary scale assumption was lowered from 5% to 4.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the Pubs-2010 projected 5 years past the valuation date using the most recent MP Scale. In 2023, the interest rate assumption was lowered from 7.75% to 7.25% per annum.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS - POLICE PENSION
 (REQUIRED SUPPLEMENTARY INFORMATION)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contributions	\$ 413,984	\$ 418,519	\$ 425,471	\$ 388,602	\$ 378,648	\$ 367,653	\$ 350,562	\$ 345,535	\$ 277,744	\$ 282,141
Contributions in relation to the actuarially determined employer contribution	\$ 413,984	\$ 418,519	\$ 425,471	\$ 388,602	\$ 378,648	\$ 395,154	\$ 350,562	\$ 345,535	\$ 277,744	\$ 282,141
Employer contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,501)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,634,882	\$ 1,669,902	\$ 1,495,247	\$ 1,553,318	\$ 1,474,510	\$ 1,387,450	\$ 1,334,855	\$ 1,294,477	\$ 1,318,495	\$ 1,363,366
Employer contributions as a percentage of covered payroll	25.32%	25.06%	28.45%	25.02%	25.68%	28.48%	26.26%	26.69%	21.07%	20.69%

Notes to Schedule

Valuation date: 1/1/2023 1/1/2021 1/1/2021 1/1/2019 1/1/2019 1/1/2017 1/1/2017 1/1/2015 1/1/2015 1/1/2013

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Spouse's Age: Males are assumed to be three years older than females
- Asset valuation method: Assets are valued at fair value, including receivables up to the MMO
- Inflation: 3.00%
- Salary increases: 4.75%; In no event will the IRS maximum compensation limits be exceeded
- Investment rate of return: 7.25%
- Retirement age: Normal retirement age
- Pre-Retirement Mortality: None
- Post-Retirement Mortality: PubS-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2021
- Beneficiary Mortality: PubS-2010 Contingent Survivor Mortality projected 5 years past the valuation date using Scale MP-2021
- Disabled Mortality: PubS-2010 Disabled Mortality projected 5 years past the valuation date using Scale MP-2021

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF INVESTMENT RETURNS - NON-UNIFORMED AND POLICE PENSION
 (REQUIRED SUPPLEMENTARY INFORMATION)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense										
Non-Uniformed Employee Pension Plan	12.66%	-16.27%	10.07%	11.90%	18.10%	-5.95%	14.81%	5.10%	-1.68%	4.76%
Police Pension Plan	12.95%	-15.84%	10.27%	12.39%	18.44%	-4.93%	15.30%	5.52%	-0.98%	5.45%

Notes to Schedule

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
 NONUNIFORMED EMPLOYEE PENSION PLAN
 (REQUIRED SUPPLEMENTARY INFORMATION)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 74,048	\$ 87,517	\$ 83,548	\$ 64,187	\$ 61,276	\$ 55,194	\$ 52,691	\$ 43,579	\$ 41,603	\$ 42,631
Service cost	194,317	192,300	183,892	172,888	165,282	160,040	150,849	149,346	140,711	130,926
Interest	-	-	-	-	-	-	-	-	-	-
Changes of benefit terms	(12,239)	-	(52,513)	-	(53,556)	-	(114,205)	-	(42)	-
Differences between expected and actual experience	112,947	-	97,339	-	-	-	5,796	-	82,710	-
Changes of assumptions	(172,772)	(163,434)	(162,409)	(156,139)	(106,526)	(93,698)	(81,207)	(67,261)	(78,478)	(73,827)
Benefit payments, including refunds of employee contributions	196,301	116,383	149,857	80,936	66,474	121,536	13,924	125,664	186,504	99,730
Net change in total pension liability	<u>2,591,868</u>	<u>2,475,485</u>	<u>2,325,628</u>	<u>2,244,692</u>	<u>2,178,218</u>	<u>2,056,682</u>	<u>2,042,758</u>	<u>1,917,094</u>	<u>1,730,590</u>	<u>1,630,860</u>
Total pension liability - beginning	<u>\$ 2,788,169</u>	<u>\$ 2,591,868</u>	<u>\$ 2,475,485</u>	<u>\$ 2,325,628</u>	<u>\$ 2,244,692</u>	<u>\$ 2,178,218</u>	<u>\$ 2,056,682</u>	<u>\$ 2,042,758</u>	<u>\$ 1,917,094</u>	<u>\$ 1,730,590</u>
Total pension liability - ending (a)										
Plan fiduciary net position	\$ -	\$ 20,444	\$ -	\$ -	\$ -	\$ 10,290	\$ -	\$ 64,446	\$ 49,811	\$ 53,151
Contributions - Employer	99,093	77,707	74,737	72,451	66,894	65,581	64,412	-	-	-
Contributions - State Aid	45,525	43,779	41,339	36,406	32,468	29,779	28,676	22,197	20,787	19,334
Contributions - Member	234,919	(368,738)	212,543	231,487	300,591	(105,585)	227,919	73,851	(25,242)	67,779
Net investment income	(172,772)	(163,434)	(162,409)	(156,139)	(106,526)	(93,698)	(81,207)	(67,261)	(78,478)	(73,827)
Benefit payments, including refunds of employee contributions	(8,725)	(19,324)	(6,375)	(6,325)	(5,500)	(5,875)	(5,875)	(5,875)	(5,815)	(5,875)
Administrative expense	198,040	(409,566)	159,835	177,880	287,925	(99,508)	233,925	87,358	(39,037)	60,562
Net change in plan fiduciary position	<u>1,916,117</u>	<u>2,325,683</u>	<u>2,165,848</u>	<u>1,987,968</u>	<u>1,700,043</u>	<u>1,799,551</u>	<u>1,565,626</u>	<u>1,478,268</u>	<u>1,517,305</u>	<u>1,456,743</u>
Plan fiduciary net position - beginning	<u>2,114,157</u>	<u>1,916,117</u>	<u>2,325,683</u>	<u>2,165,848</u>	<u>1,987,968</u>	<u>1,700,043</u>	<u>1,799,551</u>	<u>1,565,626</u>	<u>1,478,268</u>	<u>1,517,305</u>
Plan fiduciary net position - ending (b)										
Borough's net pension liability - ending (a) - (b)	<u>\$ 674,012</u>	<u>\$ 675,751</u>	<u>\$ 149,802</u>	<u>\$ 159,780</u>	<u>\$ 256,724</u>	<u>\$ 478,175</u>	<u>\$ 257,131</u>	<u>\$ 477,132</u>	<u>\$ 438,826</u>	<u>\$ 213,285</u>
Plan fiduciary net position as a percentage of the total pension liability	75.8%	73.9%	93.9%	93.1%	88.6%	78.0%	87.5%	76.6%	77.1%	87.7%
Covered payroll	\$ 659,851	\$ 845,322	\$ 756,725	\$ 760,966	\$ 745,738	\$ 721,869	\$ 639,696	\$ 593,370	\$ 552,649	\$ 644,294
Borough net pension liability as a percentage of covered payroll	78.4%	79.9%	19.8%	21.0%	34.4%	66.2%	40.2%	80.4%	79.4%	33.1%

Notes to schedule

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA, the interest rate assumption was lowered from 8% to 7.75% per annum, and the salary scale assumption was lowered from 5% to 4.75% per annum. In 2017, the mortality assumption was changed to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past the valuation date using the most recent MP Scale. In 2023, the interest rate assumption was lowered from 7.75% to 7.25% per annum and the salary scale assumption was changed from 4.75% to 4.25% per annum.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS
 NON-UNIFORMED PENSION
 (REQUIRED SUPPLEMENTARY INFORMATION)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 99,093	\$ 98,151	\$ 74,737	\$ 72,451	\$ 66,894	\$ 68,371	\$ 64,412	\$ 64,446	\$ 49,811	\$ 53,151
Contribution in Relation to the Actuarially Determined Contribution	99,093	98,151	74,737	72,451	66,894	75,871	64,412	64,446	49,811	53,151
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,500)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 859,851	\$ 845,322	\$ 756,725	\$ 760,966	\$ 745,738	\$ 721,869	\$ 639,696	\$ 593,370	\$ 552,649	\$ 644,294
Contribution as a percentage of Covered Payroll	11.5%	11.6%	9.9%	9.5%	9.0%	10.5%	10.1%	10.9%	9.0%	8.2%

Notes to Schedule:

Valuation Date: 1/1/2023 1/1/2021 1/1/2021 1/1/2019 1/1/2019 1/1/2017 1/1/2017 1/1/2015 1/1/2015 1/1/2013

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal
- Asset Valuation Method: Assets are valued at fair value, including receivables up to the MMMO
- Inflation: 3.00%
- Salary Increases: 4.25%; In no event will the IRS maximum compensation limits be exceeded
- Investment Rate of Return: 7.25%
- Marital Status: 75% of Members are assumed to be married.
- Spouse's Age: Males are assumed to be three years older than females.
- Pre-Retirement Mortality: PubG-2010 Employee Mortality projected 5 years past the valuation date using the most recent projection scale (currently Scale MP-2021).
- Post-Retirement Mortality: PubG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using the most recent projection scale (currently Scale MP-2021).
- Beneficiary Mortality: PubG-2010 Contingent Survivor Mortality projected 5 years past the valuation date using the most recent projection scale (currently Scale MP-2021).
- Disabled Mortality: PubG-2010 Disabled Mortality projected 5 years past the valuation date using the most recent projection scale (currently Scale MP-2021).

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST TEN YEARS
 REQUIRED SUPPLEMENTARY INFORMATION

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service Cost	\$ 202,676	\$ 118,502	\$ 96,013	\$ 91,659	\$ 73,193	\$ 69,874
Interest	127,042	44,720	35,979	33,525	39,489	37,693
Changes of benefit terms	-	977,642	-	-	-	-
Differences between expected and actual experience	-	230,121	-	37,771	-	-
Changes in assumptions or other inputs	79,920	(28,372)	-	90,314	-	-
Benefit payments, including refunds of employee contributions	(38,645)	(37,184)	(32,999)	(29,767)	(63,233)	(55,914)
Net change in total OPEB liability	370,993	1,305,429	98,993	223,502	49,449	51,653
Total OPEB liability - beginning	2,764,051	1,458,622	1,359,629	1,136,127	1,086,678	1,035,025
Total OPEB liability - ending (a)	\$ 3,135,044	\$ 2,764,051	\$ 1,458,622	\$ 1,359,629	\$ 1,136,127	\$ 1,086,678
Covered payroll	\$ 1,652,182	\$ 1,577,262	\$ 1,588,173	\$ 1,516,156	\$ 1,159,066	\$ 1,106,507
Total OPEB liability as a percentage of covered payroll	189.8%	175.2%	91.8%	89.7%	98.0%	98.2%

Notes to Schedule:

Change in Assumptions:

- Change in discount rate from 2.50% in 2021 to 4.31% in 2022
- Change in discount rate from 4.31% in 2021 to 4.00% in 2023

The Township adopted GASB 75 on a prospective basis in 2018; therefore only six years are presented in the above schedule.

The Township has not accumulated assets in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay OPEB benefits.

NEWBERRY TOWNSHIP, PENNSYLVANIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS
 MODIFIED CASH BASIS
 DECEMBER 31, 2023

	Non-Uniformed Employees	Police Employees	Total
Assets:			
Investments:			
Fixed income mutual funds	\$ 778,820	\$ 3,539,446	\$ 4,318,266
Equity mutual funds	1,188,912	5,143,130	6,332,042
Other assets	151,373	629,701	781,074
Receivables	-	4,948	4,948
	<u>2,119,105</u>	<u>9,317,225</u>	<u>11,436,330</u>
Liabilities:			
Benefits payable	4,948	25,409	30,357
Total liabilities	<u>4,948</u>	<u>25,409</u>	<u>30,357</u>
Net position:			
Net position restricted for pensions	<u>\$ 2,114,157</u>	<u>\$ 9,291,816</u>	<u>\$ 11,405,973</u>

NEWBERRY TOWNSHIP, PENNSYLVANIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS
 MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Non-Uniformed Employees	Police Employees	Total
Additions:			
Contributions:			
Employer - state aid	\$ 99,093	\$ 198,129	\$ 297,222
Employer - other	45,525	77,892	123,417
Employees	-	215,855	215,855
Employees - buy back	-	20,780	20,780
	144,618	512,656	657,274
Investment income:			
Net appreciation/(depreciation) in fair value of investments	246,319	1,062,196	1,308,515
Total investment earnings	246,319	1,062,196	1,308,515
Less investment expenses	11,400	12,001	23,401
Net investment earnings	234,919	1,050,195	1,285,114
Total additions	379,537	1,562,851	1,942,388
Deductions:			
Benefit payments	163,831	547,835	711,666
Refund Terminated Member Contribution	8,941	-	8,941
Administrative expenses	8,725	11,075	19,800
Total deductions	181,497	558,910	740,407
Changes in net position	198,040	1,003,941	1,201,981
Net position - beginning	1,916,117	8,287,875	10,203,992
Net position - ending	\$ 2,114,157	\$ 9,291,816	\$ 11,405,973

NEWBERRY TOWNSHIP
YORK COUNTY, PENNSYLVANIA
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2023

NEWBERRY TOWNSHIP
YORK COUNTY, PENNSYLVANIA
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2023

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Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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

INDEPENDENT AUDITOR'S REPORT

To the Board Members
Newberry Township
York County, Pennsylvania
Page 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Newberry Township (the "Township"), as of and for the year ended December 31, 2023, and the related notes to the modified cash basis financial statements, which collectively comprise the Township's basic modified cash basis financial statements, and have issued our report thereon dated June 20, 2024.

Report on Internal Control Over Financial Reporting

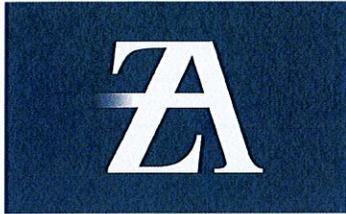
In planning and performing our audit of the modified cash basis financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions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

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

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

Report on Compliance and Other Matters

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



Zelenkofske Axlerod LLC

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To the Board Members
Newberry Township
York County, Pennsylvania
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Purpose of this Report

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
June 20, 2024



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board Members
Newberry Township
York County, Pennsylvania
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Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Newberry Township (the "Township")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2023. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal programs.



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To the Board Members
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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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



Zelenkofske Axlerod LLC

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To the Board Members
Newberry Township
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of and for the year ended December 31, 2023, and the related notes to the modified cash basis financial statements, which collectively comprise the Township's basic modified cash basis financial statements. We issued our report thereon dated June 20, 2024, which contained unmodified opinions on those modified cash basis financial statements. Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the Township's basic modified cash basis financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic modified cash basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic modified cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the modified cash basis 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 modified cash basis financial statements or to the basic modified cash basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic modified cash basis financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
June 20, 2024

NEWBERRY TOWNSHIP, PENNSYLVANIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1: REPORTING ENTITY

Newberry Township (the "Township") is the reporting entity for financial reporting purposes as defined in Note 1 to the Township's financial statements. For purposes of preparing the Schedule of Expenditures of Federal Awards, the Township's reporting entity is the same as was used for the financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the Township's basic financial statements. The Township did not use the 10% de minimus indirect cost rate.

NEWBERRY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant Deficiency(ies) identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant Deficiency(ies) identified that are not considered to be material weaknesses?

yes none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

yes no

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

NEWBERRY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

NEWBERRY TOWNSHIP, PENNSYLVANIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

The following summary indicates the current year status of findings identified in the prior year Single Audit Report:

<u>Program</u>	<u>Prior Year Finding</u>	<u>Description of Finding</u>	<u>Current Year Status</u>
No Prior Year Findings.			

NEWBERRY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Pass Through Number	Federal Grant Receipts	Federal Grant Expenditures	Amount Paid to Subrecipients
<u>U.S. Department of Treasury</u>					
Passed Through Pennsylvania Commission on Crime and Delinquency COVID - Coronavirus State and Local Fiscal Recovery	21.027	2022-CL-01 38859	\$ 92,753	\$ 92,753	\$ -
Passed Through Pennsylvania Department of Community and Economic Development COVID - Coronavirus State and Local Fiscal Recovery	21.027	N/A	-	1,671,392	-
Total 21.027			92,753	1,764,145 *	-
Total U.S. Department of Treasury			92,753	1,764,145	-
<u>U.S. Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response	97.063	N/A	-	14,330	-
Passed Through Pennsylvania Emergency Management Agency Disaster Grants - Public Assistance	97.036	4100092636	18,756	-	-
Total U.S. Department of Homeland Security			18,756	14,330	-
TOTAL FEDERAL AWARDS			\$ 111,509	\$ 1,778,475	\$ -

* Denotes tested as a major program