NEWBERRY TOWNSHIP

YORK COUNTY, PENNSYLVANIA

RESOLUTION NO. 2025-33

A RESOLUTION OF THE BOARD OF SUPERVISORS OF NEWBERRY TOWNSHIP, YORK COUNTY, PENNSYLVANIA, ADOPTING AMENDMENT NO. 1 TO THE SEWER DEPARTMENT CASH MANAGEMENT POLICY; CONFIRMING STANDING DIRECT O&M ALLOCATIONS; AND SETTING RETROACTIVITY FOR THE CURRENT FISCAL YEAR.

WHEREAS, the Township owns and operates its municipal Sewer System and maintains separate accounting for the Sewer Fund; and

WHEREAS, the Sewer Department Cash Management Policy adopted June 27, 2017 (the "Policy") governs the receipt, custody, and disbursement of Sewer revenues; and

WHEREAS, the Board of Supervisors desires to modernize the treatment of administrative and overhead costs to ensure charges to the Sewer Fund are allowable, reasonable, and allocable, supported by interfund invoices and source documentation; and

WHEREAS, the Board has considered and intends to adopt Amendment No. 1 to the Policy to retain the five percent (5%) limit on indirect Township overhead and to establish standing Direct O&M allocations for certain positions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors that:

SECTION 1 – Adoption of Amendment No. 1.

The Board hereby adopts "Amendment No. 1 to the Sewer Department Cash Management Policy," attached as Exhibit A, and incorporates it by reference.

SECTION 2 – Direct O&M Administrative Allocations (Outside Cap).

The standing direct allocations to the Sewer Fund for salary and employer-paid taxes are confirmed as follows: Township Manager – 33%; Comptroller (Treasurer) – 25%;

Administrative Assistant – 25%. These allocations are outside the 5% indirect overhead cap and shall be billed based on payroll registers and related source documentation.

SECTION 3 – Indirect Overhead (5% Cap); No Double-Charging.

The 5% indirect overhead limitation applies solely to shared (indirect) administrative services. Direct O&M allocations identified in Section 2 are excluded from both: (a) the calculation base used to compute the 5% and (b) the costs counted toward the 5% itself.

*For clarity, the five percent (5%) limit is calculated on **annual Sewer revenues (operating revenues only, excluding grants/restricted funds, financing/capital proceeds, and tap/connection or developer fees)."*

SECTION 4 – Effective Date; Retroactivity; Authority to Implement.

This action is effective January 1, 2025 (retroactive). The Township Manager and Comptroller (Treasurer) are authorized to prepare and post interfund invoices consistent with the Policy as amended and this Resolution, with an annual review and year-end true-up as needed.

Exhibit A – Amendment No. 1 to the Sewer Department Cash Management Policy

ADOPTED this 23rd day of September, 2025, by the Board of Supervisors of Newberry Township.

ATTEST:

Aaron Schwartz – Secretary

BOARD OF SUPERVISORS

NEWBERRY TOWNSHIP

Dave Kirkpatrick – Chairman

CERTIFICATE

I, the undersigned, Secretary of the Board of Supervisors of the Township of Newberry, York County, Pennsylvania (the "Township"), certify that the foregoing is a true and correct copy of a Resolution of the Board of Supervisors of the Township which was duly enacted by 4 to 0 affirmative vote majority of the members of the Board of Supervisors of the Township, at a regular meeting held on September 23, 2025, that said Resolution has been recorded in the Resolution Book of the Township; that said Resolution was duly published as required by law; and that said Resolution remains in effect, unaltered and unamended as of the date of this Certificate.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township on this 23rd day of September, 2025.

Aaron Schwartz, Secretary

NEWBERRY TOWNHIP

YORK COUNTY, PENNSYLVANIA

SEWER DEPARTMENT CASH MANAGEMENT POLICY

ADOPTED: June 27, 2017

AMENDED September 23, 2025

I. BACKGROUND

Newberry Township ("Township") is a second class township duly organized and existing under the Second Class Township Code ("Code"). The Township owns and operates a sanitary sewer system which is managed by the Sewer Department. The Township Board of Supervisors (the "Board") has determined that it is in the best interest of the Township to manage the Sewer Department's cash surplus according to the following cash management guidelines.

II. INVESTMENT PHILOSOPHY

The Township is required under the Code to invest the Township's funds consistent with sound business practice, and to exercise sound judgment in the investment of Township funds for purposes set forth in §3204 of the Code.

III. TYPES OF INVESTMENTS AUTHORIZED

A. Section 3204 of the Code sets forth the types of investments allowed under the Code. These investments are:

1. Township Sinking Fund;

2. Township General Fund;

3. Township Special Funds;

4. United States Treasury bills;

5. Short-term obligations of the Federal Government or its agencies or instrumentalities;

6. Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation, or their successor agencies, to the extent that the accounts are so insured and, for any amounts above the insured maximum, if approved collateral therefor is pledged by the depository;

7. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision;

8. Shares of an investment company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-l et seq.), whose shares are registered under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.), if the only investments of that company are in the authorized investments for township funds listed in paragraphs (4) through (7);

9. Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Pennsylvania Deposit Insurance Corporation or the Pennsylvania Savings Association Insurance Corporation, or their successor agencies, to the extent that the accounts are so insured. However, for any amounts above the insured maximum, the certificates of deposit shall be secured by a pledge or assignment of assets of the institution, and the collateral may include loans, including interest in pools of loans, secured by first mortgage liens on real property. Certificates of deposit purchased from commercial banks shall be limited to an amount equal to twenty percent of a bank's total capital and surplus. Certificates of deposit purchased from savings and loan associations or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities;

B. The Township may also invest by:

1. Permitting assets pledged as collateral under subsection (d)(3) to be pooled under the act of August 6, 1971 (P.L.281, No.72);

2. Combining moneys from more than one fund under Township control for the purchase of a single investment if each of the funds combined for the purpose is accounted for separately in all respects and the earnings from the investment are separately and individually computed and recorded and credited to the accounts from which the investment was purchased;

3. Joining with one or more other municipal corporations, municipality authorities or school districts under the act of July 12, 1972 (P.L.762, No.180) in the purchase of a single investment if the requirements of paragraph (2) on separate accounting of individual funds and separate computation, recording and crediting of the earnings therefrom are adhered to.

IV. <u>CASH MANAGEMENT GUIDELINES</u>

A. The Township Sewer Department currently maintains a Revenue Account which acts as a depository for the receipts and revenues from the Sewer System. Money in the Revenue Account can be used for:

1. Payment of current expenses and liabilities of the Sewer System;

2. Payment of debt service; and

Definitions. Direct O&M administrative costs are position-specific charges for staff providing day-to-day Sewer operations support (e.g., Township Manager, Comptroller (Treasurer), Administrative Assistant) applied to salary and employer-paid taxes at fixed percentages set by the Board. Indirect overhead means shared administrative services (e.g., building, IT, insurance administration, general office support) recoverable only within the five percent (5%) limit.

B. The Township Sewer Department also maintains a Reserve Account for any money left in the Revenue Account after necessary payments and transfers have been made or before the end of the fiscal year. Money in the Reserve Account can be used for:

    1. Paying costs and expenses of repairing or replacing the Sewer System;

    2. Making or acquiring additions, extensions, alterations and improvements;

    3. Payment of debt service if the Revenue Account is insufficient;

C. Funds in the Reserve Account, upon authorization by the Board, may be invested in such obligations, certificates or accounts, as may be permitted by applicable law. Money realized from any investment of money in the Reserve Account, to the extent not maintained in the Reserve Account, shall be transferred to the Revenue Account.

D. The Township may, from time to time, establish other accounts as it deems necessary for the efficient operation of the Sewer Department. Such accounts may include, but are not limited to, sinking funds and construction accounts for particular projects.

E. The Township from time to time, but not less than semi-annually, shall review the status of all accounts to ensure compliance with these guidelines.

F. It is the policy of the Township that all checks shall require two (2) signatures of officers of the Board.

G. It is the policy of the Township that someone other than the person who is responsible to prepare checks shall perform the reconciliation of all accounts.

NEWBERRY TOWNSHIP

SEWER DEPARTMENT CASH MANAGEMENT POLICY

AMENDMENT NO. 1

Originally adopted by Resolution No. 2017-18 on June 27, 2017 (the "Policy").

Amended by Resolution No. 2025-33 on September 23**, 2025.**

SECTION 1. Purpose

This Amendment updates Section IV(A)(3) of the Policy to retain the five percent (5%) limit on indirect Township overhead while establishing standing Direct O&M allocations for certain administrative positions.

SECTION 2. Amendment to Section IV(A)(3)

Section IV(A)(3) of the Policy is amended in its entirety to read as follows:

"Administrative and Management Costs. The Sewer Revenue Account may pay administrative, management, and overhead costs that are reasonable, necessary, and allocable to the Sewer System. Indirect Township overhead recoverable from the Sewer Revenue Account shall be limited to five percent (5%) of annual Sewer revenues for the fiscal year. Direct operation and maintenance (O&M) administrative costs are payable outside this 5% overhead cap, including fixed allocations set by the Board. Payments shall be supported by interfund invoices and documentation.". For clarity, "annual Sewer revenues" for this calculation includes operating revenues only and excludes grants or restricted funding, financing/capital proceeds (including bond or loan proceeds), tap/connection or developer fees designated for capital or capacity, and other externally restricted amounts.

For avoidance of doubt, the 5% indirect overhead limitation applies solely to shared (indirect) administrative services and does not include the Direct O&M allocations identified herein.

The Direct O&M allocations listed herein are outside the 5% indirect cap and shall be excluded from both the calculation base and the content of the 5% indirect overhead allocation.

Interfund invoices for Direct O&M allocations shall be supported by payroll registers and employer-paid tax summaries; the 5% indirect allocation shall be supported by an allocation worksheet and applicable source documentation.

This Amendment shall be reviewed annually, with year-end true-up as needed; percentage allocations may be adjusted by Board action.

SECTION 3. Standing Direct O&M Administrative Allocations

The following fixed allocations of salaries and employer-paid taxes are approved as permanent Direct O&M charges to the Sewer Fund (outside the 5% indirect overhead cap), until modified by subsequent Board action: (a) thirty-three percent (33%) of the Township Manager; (b) twenty-five percent (25%) of the Comptroller (Treasurer); and (c) twenty-five percent (25%) of an Administrative Assistant. The Township Manager shall include these standing allocations in each annual budget and interfund invoicing.

Interfund invoicing shall occur monthly or quarterly. Each direct O&M invoice will attach payroll registers and employer-paid tax summaries. Each five-percent (5%) indirect invoice will attach a one-page allocation worksheet (showing the five-percent base per the Policy and this Amendment) and any applicable source documentation.

SECTION 4. Effective Date; Retroactivity; Authority to Implement

This Amendment shall take effect immediately upon adoption. The standing Direct O&M allocations set forth in Section 3 are expressly made effective as of January 1, 2025, and the Comptroller (Treasurer) is authorized to issue interfund invoices for year-to-date and remaining 2025 charges consistent with this Amendment. Township officers and staff are authorized to take such actions as are necessary to implement this Amendment.

SECTION 5. Conflicts; Severability

Any provision of the Policy that conflicts with this Amendment is superseded to the extent of the conflict; all other provisions remain in full force and effect. If any provision of this Amendment is held invalid, the remainder shall not be affected.

ADOPTED this 23rd day of September, 2025, by the Board of Supervisors of Newberry Township.

Dave Kirkpatrick, Chairman

Diane Shellenhamer, Vice Chair

Robert Harkins, Supervisor

Clair Wintermyer, Supervisor

Sandra Gonzalez, Supervisor

Aaron Schwartz, Secretary
(SEAL)

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