

**EXETER TOWNSHIP,  
BERKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2019*

## **INTRODUCTORY SECTION**

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Supervisors  
Exeter Township  
Exeter, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Exeter Township (the Township), Berks County, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Exeter Township's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Township, as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors  
Exeter Township  
Reading, Pennsylvania

***Emphasis of Matter***

For the year ended December 31, 2019, the Exeter Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note T to the financial statements, subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has resulted in economic uncertainties which have the potential to have a significant impact on all Township operations. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17 and other required supplementary information on pages 72 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Exeter Township's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Limerick, Pennsylvania  
October 22, 2020

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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Our discussion and analysis of Exeter Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Township's financial statements beginning on page 18.

### FINANCIAL HIGHLIGHTS

- As of the close of fiscal year 2019, Exeter Township's governmental funds reported combined ending fund balances of \$72,366,262. Approximately 6% of this total amount is available for spending at the Township's discretion (unassigned fund balance). The remaining 94% is held for specific expenditures and capital projects.
- At the end of fiscal year 2019, the unassigned fund balance for the General Fund was \$4,436,829.

### OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to Exeter Township's 2019 financial statements. The Township's 2019 financial statements comprise five components: (1) *independent auditors' report*, (2) *management's discussion and analysis*, (3) *government-wide financial statements*, (4) *fund financial statements* and (5) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Independent Auditors' Report**

The *independent auditors' report* briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position.

#### **Management's Discussion and Analysis (MD&A)**

*Management's discussion and analysis*, prepared by the Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The *MD&A* also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

#### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of Exeter Township's finances, in a manner similar to a private sector business.

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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The *government-wide financial statements* divide the Township into two types of activities:

**Governmental Activities** – Functions of the Township that are primarily supported by taxes and intergovernmental revenues. The *governmental activities* of the Township include general government, public safety, highways and streets, planning and land development, and culture and recreation.

**Business-Type Activities** – Functions of the Township that attempt to recover all or a significant portion of its costs through user fees and charges. The *business-type activities* of the Township include Sewer Operations and Country Club activities.

The *statement of net position* presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned by unused sick leave).

The government-wide financial statements can be found on pages 18 and 19 of this report.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Township can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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The Township maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Wastewater Treatment Sale Proceeds Fund, which are considered to be major funds. The remaining fifteen funds are aggregated into one column and are labeled "Other Governmental Funds". Additional detail on the other governmental funds can be found in the Supplemental Information Section.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

**Proprietary funds** - The Township maintains one type of *proprietary fund*: enterprise funds to account for its Sewer Operations and Country Club operations. When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. The Township's *enterprise funds* - the Sewer Operations and Country Club Operations (components of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer and country club operations, both of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The Township's Fiduciary Funds include two Pension Trust Funds (the Police Pension Fund and the Non-Uniform Employees' Pension Fund). The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 29 through 71 of this report.

### **Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's Police and Employees' Pension Plans, post-employment benefits other than pensions and the budgetary comparison schedule for the general fund.

Required supplementary information can be found on pages 72 through 81 of this report.

## **EXETER TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2019**

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The *combining statements* referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on the budgetary comparison schedule. Combining and individual fund statements and schedules can be found on pages 82 through 85 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Township's total net position was \$71,001,158 at the close of December 31, 2019. Total assets were \$102,973,748 primarily due to the receipt of the sewer operations sale proceeds and the addition of the Township's capital assets in 2019.

Total cash, unrestricted and restricted, increased by \$53,638,660 over the prior year end. The Township received the proceeds of the sewer operations sale in October 2019.

The Township's investment in capital assets, \$3,934,275 or 5.54% of total net position, reflects the current book value (cost less accumulated depreciation) of land, buildings, machinery and equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens, consequently, these assets are *not* available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The other portion of the Township's net position, \$61,867,424 or 87.14% is unrestricted net position and may be used to meet the Township's ongoing obligations to citizens and creditors. A majority of these assets have been earmarked for future capital improvements. The net proceeds from the sewer sale after debt repayment and special investments were in excess of \$54 million.

The final portion of the Township's net position, \$5,199,459, represents resources that are subject to external restrictions on how they may be used. This includes net position of the K-9 Program, DEA Equitable Sharing, State Liquid Fuels Highway Aid, Capital, Traffic Improvement, and Debt Service Funds.

Governmental net position was \$63,573,390 while business-type activity net position was \$7,427,768 at December 31, 2019.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

A condensed summary of the Township's Statement of Net Position at December 31, 2019 and 2018 is presented below:

**Statement of Net Position**

|   | Governmental<br>Activities |                        | Business-Type<br>Activities |                        | Totals               |                        |
|---|----------------------------|------------------------|-----------------------------|------------------------|----------------------|------------------------|
|   | 2019                       | 2018                   | 2019                        | 2018                   | 2019                 | 2018                   |
| <b>ASSETS</b>                             |                            |                        |                             |                        |                      |                        |
| Cash                                      | \$ 68,216,915              | \$ 2,813,236           | \$ 48,963                   | \$ 4,739,774           | \$ 68,265,878        | \$ 7,553,010           |
| Certificate of deposit                    | -                          | 7,074,208              | -                           | -                      | -                    | 7,074,208              |
| Internal balances                         | 1,679,000                  | 640,000                | (1,679,000)                 | (640,000)              | -                    | -                      |
| Net pension asset                         | 9,685,315                  | -                      | -                           | -                      | 9,685,315            | -                      |
| Receivables, prepaids<br>and inventory    | 4,297,181                  | 1,765,178              | 30,528                      | 4,062,329              | 4,327,709            | 5,827,507              |
| Capital assets                            | 11,334,151                 | -                      | 9,360,695                   | -                      | 20,694,846           | -                      |
| <b>TOTAL<br/>ASSETS</b>                   | <b>95,212,562</b>          | <b>12,292,622</b>      | <b>7,761,186</b>            | <b>8,162,103</b>       | <b>102,973,748</b>   | <b>20,454,725</b>      |
| <b>DEFERRED OUTFLOWS<br/>OF RESOURCES</b> |                            |                        |                             |                        |                      |                        |
|   | 2,519,848                  | 4,077,254              | -                           | 692,185                | 2,519,848            | 4,769,439              |
| <b>LIABILITIES</b>                        |                            |                        |                             |                        |                      |                        |
| Other liabilities                         | 1,077,190                  | 1,067,933              | 333,418                     | 1,270,240              | 1,410,608            | 2,338,173              |
| Long-term liabilities                     | 31,933,676                 | 35,634,747             | -                           | 19,777,708             | 31,933,676           | 55,412,455             |
| <b>TOTAL<br/>LIABILITIES</b>              | <b>33,010,866</b>          | <b>36,702,680</b>      | <b>333,418</b>              | <b>21,047,948</b>      | <b>33,344,284</b>    | <b>57,750,628</b>      |
| <b>DEFERRED INFLOWS OF<br/>RESOURCES</b>  |                            |                        |                             |                        |                      |                        |
|   | 1,148,154                  | 345,727                | -                           | 135,368                | 1,148,154            | 481,095                |
| <b>NET POSITION (DEFICIT)</b>             |                            |                        |                             |                        |                      |                        |
| Net investment in capital<br>assets       | (5,426,420)                | (19,136,162)           | 9,360,695                   | (18,597,847)           | 3,934,275            | (37,734,009)           |
| Restricted                                | 5,199,459                  | 8,160,616              | -                           | -                      | 5,199,459            | 8,160,616              |
| Unrestricted                              | 63,800,351                 | (9,702,985)            | (1,932,927)                 | 6,268,819              | 61,867,424           | (3,434,166)            |
| <b>TOTAL NET<br/>POSITION</b>             | <b>\$ 63,573,390</b>       | <b>\$ (20,678,531)</b> | <b>\$ 7,427,768</b>         | <b>\$ (12,329,028)</b> | <b>\$ 71,001,158</b> | <b>\$ (33,007,559)</b> |

Net position is shown as restricted if it can only be used for a specific purpose. Net position of \$5,199,459 and \$8,160,616 at December 31, 2019 and 2018, respectively, is restricted.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

**Statement of Activities**

The Township's *statement of activities* shows how the net position changed during the fiscal year 2019. The table below helps to explain the changes in net position from January 1, 2019 to December 31, 2019, and from January 1, 2018 to December 31, 2018.

|   | Governmental Activities |                        | Business-Type Activities |                        | Totals               |                        |
|---|-------------------------|------------------------|--------------------------|------------------------|----------------------|------------------------|
|   | 2019                    | 2018                   | 2019                     | 2018                   | 2019                 | 2018                   |
| <b>REVENUES</b>                                       |                         |                        |                          |                        |                      |                        |
| Program revenues                                      |                         |                        |                          |                        |                      |                        |
| Charges for services                                  | \$ 2,123,523            | \$ 1,596,533           | \$ 6,478,043             | \$ 7,719,833           | \$ 8,601,566         | \$ 9,316,366           |
| Operating grants and contributions                    | 1,936,799               | 1,502,806              | -                        | -                      | 1,936,799            | 1,502,806              |
| General revenues                                      |                         |                        |                          |                        |                      |                        |
| Taxes   |                         |                        |                          |                        |                      |                        |
| Real estate   | 4,835,261               | 4,581,182              | -                        | -                      | 4,835,261            | 4,581,182              |
| Real estate transfer                                  | 639,282                 | 452,951                | -                        | -                      | 639,282              | 452,951                |
| Per capita  | 63,632                  | 66,769                 | -                        | -                      | 63,632               | 66,769                 |
| Earned income   | 3,767,669               | 3,895,821              | -                        | -                      | 3,767,669            | 3,895,821              |
| Local services  | 414,661                 | 262,189                | -                        | -                      | 414,661              | 262,189                |
| Business privilege                                    | 664,698                 | 855,444                | -                        | -                      | 664,698              | 855,444                |
| Interest income                                       | 646,374                 | 191,728                | 5,476                    | 251,539                | 651,850              | 443,267                |
| Proceeds from sale of assets                          | 552,202                 | 10,827                 | 85,820,639               | -                      | 86,372,841           | 10,827                 |
| Miscellaneous   | 229,828                 | 328,607                | -                        | -                      | 229,828              | 328,607                |
| TOTAL REVENUES  | <u>15,873,929</u>       | <u>13,744,857</u>      | <u>92,304,158</u>        | <u>7,971,372</u>       | <u>108,178,087</u>   | <u>21,716,229</u>      |
| <b>EXPENDITURES</b>                                   |                         |                        |                          |                        |                      |                        |
| General government                                    | 3,933,185               | 2,195,305              | -                        | -                      | 3,933,185            | 2,195,305              |
| Public safety   | 10,471,822              | 8,486,337              | -                        | -                      | 10,471,822           | 8,486,337              |
| Public works - sanitation                             | 232,650                 | 232,475                | -                        | -                      | 232,650              | 232,475                |
| Public works - highways and streets                   | 2,563,298               | 2,337,117              | -                        | -                      | 2,563,298            | 2,337,117              |
| Culture and recreation                                | 747,623                 | 1,214,099              | -                        | -                      | 747,623              | 1,214,099              |
| Community development                                 | 114,138                 | 125,271                | -                        | -                      | 114,138              | 125,271                |
| Debt service  | 1,082,016               | 896,482                | -                        | -                      | 1,082,016            | 896,482                |
| Insurance   | 254,827                 | 337,492                | -                        | -                      | 254,827              | 337,492                |
| Sewer   | -                       | -                      | 7,869,213                | 4,517,312              | 7,869,213            | 4,517,312              |
| Country club  | -                       | -                      | 2,208,718                | 1,393,327              | 2,208,718            | 1,393,327              |
| Miscellaneous   | 6,761                   | -                      | -                        | -                      | 6,761                | -                      |
| Depreciation  | 614,758                 | -                      | -                        | -                      | 614,758              | -                      |
| TOTAL EXPENDITURES                                    | <u>20,021,078</u>       | <u>15,824,578</u>      | <u>10,077,931</u>        | <u>5,910,639</u>       | <u>30,099,009</u>    | <u>21,735,217</u>      |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES     | <u>(4,147,149)</u>      | <u>(2,079,721)</u>     | <u>82,226,227</u>        | <u>2,060,733</u>       | <u>78,079,078</u>    | <u>(18,988)</u>        |
| TRANSFERS   | 79,315,017              | 7,300,000              | (79,315,017)             | (7,300,000)            | -                    | -                      |
| CHANGE IN NET POSITION                                | <u>75,167,868</u>       | <u>5,220,279</u>       | <u>2,911,210</u>         | <u>(5,239,267)</u>     | <u>78,079,078</u>    | <u>(18,988)</u>        |
| NET POSITION AT BEGINNING OF YEAR (restated for 2019) | <u>(11,594,478)</u>     | <u>(25,898,810)</u>    | <u>4,516,558</u>         | <u>(7,089,761)</u>     | <u>(7,077,920)</u>   | <u>(32,988,571)</u>    |
| NET POSITION AT END OF YEAR                           | <u>\$ 63,573,390</u>    | <u>\$ (20,678,531)</u> | <u>\$ 7,427,768</u>      | <u>\$ (12,329,028)</u> | <u>\$ 71,001,158</u> | <u>\$ (33,007,559)</u> |

## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2019

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The following table depicts revenues by source for governmental activities in 2019:

#### Revenues by Source - Governmental Activities

|                                    |    |                   |                |
|------------------------------------|----|-------------------|----------------|
| Property taxes                     | \$ | 4,835,261         | 30.46%         |
| Earned income taxes                |    | 3,767,669         | 23.73%         |
| Charges for services               |    | 2,123,523         | 13.38%         |
| Operating grants and contributions |    | 1,936,799         | 12.20%         |
| Business privilege taxes           |    | 664,698           | 4.19%          |
| Real estate transfer taxes         |    | 639,282           | 4.03%          |
| Taxes - other                      |    | 478,293           | 3.01%          |
| Interest and rents                 |    | 646,374           | 4.07%          |
| Other                              |    | <u>782,030</u>    | <u>4.93%</u>   |
| TOTAL                              | \$ | <u>15,873,929</u> | <u>100.00%</u> |

Government-wide revenues were primarily derived from property tax collections at 30.46% and earned income tax collections at 23.73% of the total. Charges for services, at 13.38%, are the third largest source of revenue.

For the years ended December 31, 2019 and 2018, total revenues for governmental activities amounted to \$15,873,929 and \$13,744,857, respectively.

The following table depicts an expense breakdown for governmental activities in 2019:

#### Expenses - Governmental Activities

|                        |    |                   |                |
|------------------------|----|-------------------|----------------|
| Public safety          | \$ | 10,471,822        | 52.30%         |
| Highways and streets   |    | 2,563,298         | 12.80%         |
| General government     |    | 3,933,185         | 19.65%         |
| Culture and recreation |    | 747,623           | 3.73%          |
| Debt service           |    | 1,082,016         | 5.40%          |
| Other                  |    | <u>1,223,134</u>  | <u>6.11%</u>   |
| TOTAL                  | \$ | <u>20,021,078</u> | <u>100.00%</u> |

The expenses reflect the delivery of a wide range of services, with the largest being public safety at 52.30%. The second largest program is general government at 19.65%.

In 2019, Governmental activities also recorded a \$79,315,017 transfer in, largely due to the proceeds from the wastewater treatment sale being transferred from the Sewer Fund.

## **EXETER TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2019**

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Noteworthy events in 2019:

- The Township's real estate tax for 2019 was 2.145 mills for general purposes, .605 mills for the purchase of fire apparatus and making appropriations to the fire company, and .72 mills for the purpose of debt service related to the acquisition of the Reading Country Club. Real estate tax revenue increased slightly by \$11,142 or 0.4% from 2018.
- Real estate transfer tax increased \$186,331 in 2019. The sale of the wastewater treatment plant accounted for \$122,889 of the 2019 transfer tax increase. The remaining increase was due to an active residential real estate market.
- Earned income tax increased \$149,655 or 4.0% from 2018.
- Business privilege tax was stable at \$664,698 in 2019. In 2018, the Township received a one-time settlement payment of \$170,000 from a local business for prior year business privilege taxes. Business privilege tax was \$855,444 in 2018 which was \$190,746 higher than 2019.
- Governmental fund expenditures increased by \$3,854,248 or 24.8% in 2019. General fund expenditures decreased by \$130,697 or 1.0% from 2018 primarily in the categories of General Government, Culture & Recreation, Community Development, and Insurance. Other governmental fund expenses increased by \$3,984,945 or 134.6% from 2018 due to purchases of the Promenade Shopping Complex, emergency vehicles, and HVAC repairs.

#### **Business-Type Activities**

A review of the business-type activities for the year ended December 31, 2018 resulted in changes in net position for both the Sewer Fund and Country Club of \$4,474,560 and (\$1,563,350), respectively. Net position for the Sewer Fund at December 31, 2019 was \$0 due to the sale of the sewer operations to Pennsylvania American Water Company. Country Club operating income was (\$1,563,655) compared to (\$788,721) for the year ended December 31, 2018. Operating income was primarily impacted by legal fee expense associated with litigation between the prior food and beverage operator and the Township. The litigation was settled in December 2019.

Business-type activities increased Exeter Township's net position by \$2,911,210 in 2019.

**EXETER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

|  | Sewer              |                        | Country Club        |                     | Totals              |                        |
|--|--------------------|------------------------|---------------------|---------------------|---------------------|------------------------|
|  | 2019               | 2018                   | 2019                | 2018                | 2019                | 2018                   |
| <b>OPERATING REVENUES</b>                                  |                    |                        |                     |                     |                     |                        |
| Sewer charges  | \$ 5,706,903       | \$ 7,026,611           | \$ -                | \$ -                | \$ 5,706,903        | \$ 7,026,611           |
| Tapping fees   | 30,195             | 7,420                  | -                   | -                   | 30,195              | 7,420                  |
| Charges for services                                       | -                  | -                      | 634,516             | 586,805             | 634,516             | 586,805                |
| Lease rental revenues                                      | -                  | -                      | 10,547              | 17,620              | 10,547              | 17,620                 |
| Miscellaneous  | 95,882             | 81,377                 | -                   | -                   | 95,882              | 81,377                 |
| <b>TOTAL OPERATING REVENUES</b>                            | <b>5,832,980</b>   | <b>7,115,408</b>       | <b>645,063</b>      | <b>604,425</b>      | <b>6,478,043</b>    | <b>7,719,833</b>       |
| <b>OPERATING EXPENDITURES</b>                              |                    |                        |                     |                     |                     |                        |
| Wastewater collection and treatment                        | 6,622,105          | 3,912,864              | -                   | -                   | 6,622,105           | 3,912,864              |
| Culture and recreation expenses                            | -                  | -                      | 1,803,622           | 1,393,327           | 1,803,622           | 1,393,327              |
| Depreciation   | 428,712            | -                      | 405,096             | -                   | 833,808             | -                      |
| <b>TOTAL OPERATING EXPENDITURES</b>                        | <b>7,050,817</b>   | <b>3,912,864</b>       | <b>2,208,718</b>    | <b>1,393,327</b>    | <b>9,259,535</b>    | <b>5,306,191</b>       |
| <b>OPERATING INCOME</b>                                    | <b>(1,217,837)</b> | <b>3,202,544</b>       | <b>(1,563,655)</b>  | <b>(788,902)</b>    | <b>(2,781,492)</b>  | <b>2,413,642</b>       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                    |                    |                        |                     |                     |                     |                        |
| Interest income  | 5,171              | 251,358                | 305                 | 181                 | 5,476               | 251,539                |
| Debt service Interest                                      | (818,396)          | (604,448)              | -                   | -                   | (818,396)           | (604,448)              |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>              | <b>(813,225)</b>   | <b>(353,090)</b>       | <b>305</b>          | <b>181</b>          | <b>(812,920)</b>    | <b>(352,909)</b>       |
| <b>INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)</b> | <b>(2,031,062)</b> | <b>2,849,454</b>       | <b>(1,563,350)</b>  | <b>(788,721)</b>    | <b>(3,594,412)</b>  | <b>2,060,733</b>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                    |                        |                     |                     |                     |                        |
| Sale of wastewater treatment plant                         | 85,820,639         |                        |                     |                     |                     |                        |
| Transfers out  | (79,315,017)       | (7,300,000)            | -                   | -                   | (79,315,017)        | (7,300,000)            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                | <b>6,505,622</b>   | <b>(7,300,000)</b>     | <b>-</b>            | <b>-</b>            | <b>6,505,622</b>    | <b>(7,300,000)</b>     |
| <b>CHANGE IN NET POSITION</b>                              | <b>4,474,560</b>   | <b>(4,450,546)</b>     | <b>(1,563,350)</b>  | <b>(788,721)</b>    | <b>2,911,210</b>    | <b>(5,239,267)</b>     |
| <b>FUND BALANCES AT BEGINNING OF YEAR, restated</b>        | <b>(4,474,560)</b> | <b>(7,103,809)</b>     | <b>8,991,118</b>    | <b>14,048</b>       | <b>4,516,558</b>    | <b>(7,089,761)</b>     |
| <b>FUND BALANCES AT END OF YEAR</b>                        | <b>\$ -</b>        | <b>\$ (11,554,355)</b> | <b>\$ 7,427,768</b> | <b>\$ (774,673)</b> | <b>\$ 7,427,768</b> | <b>\$ (12,329,028)</b> |

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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### A FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

In reviewing individual funds of the Township, certain funds experienced significant changes to be considered in analyzing the Township's funds:

- Capital Improvement Fund
  - Purchase of the Promenade Shopping Complex - \$2,597,435
  - Emergency Vehicles - \$380,000
  - Leaf Vacuums (2) - \$130,000 – this purchase is 90% grant funded; grant funds to be received in 2020
  - Traffic Signal Upgrades (Perkiomen Avenue) - \$86,180
  - Engineering Fees for Butter Lane Culvert - \$40,157
  - John Deere 2500E Mower - \$34,371
  
- Apparatus Fund
  - 2019 Seagrave Marauder Pumper - \$825,761

### Capital Assets

The Township's investment in capital assets (including buildings, equipment, infrastructure, and other long-term assets) for its governmental and business-type activities as of December 31, 2019, amounts to \$11,962,703 (net of accumulated depreciation). The Statement of Net Position includes general obligation debt and other long-term liabilities associated with the capital assets. At December 31, 2019, the capital assets associated with \$16,760,571 in long-term liabilities not included on the Statement of Net Position resulted in a deficit Net Position-Net Investment in Capital Assets of \$4,797,868.

Additional information on the Township's capital assets can be found in Note G of this report.

### Capital Assets (net of depreciation)

|                   | Governmental Activities |              | Business-type activities |               | Totals        |               |
|-------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
|                   | 2019                    | 2018         | 2019                     | 2018          | 2019          | 2018          |
| Land              | \$ 7,023,972            | \$ 4,536,472 | \$ -                     | \$ -          | \$ 7,023,972  | \$ 4,536,472  |
| Infrastructure    | 215,284                 | 134,591      | -                        | -             | 215,284       | 134,591       |
| Buildings         | 1,880,143               | 1,985,652    | -                        | -             | 1,880,143     | 1,985,652     |
| Site improvements | 317,607                 | 365,741      | -                        | -             | 317,607       | 365,741       |
| Equipment         | 501,461                 | 468,267      | -                        | -             | 501,461       | 468,267       |
| Vehicles          | 1,395,684               | 1,593,330    | -                        | -             | 1,395,684     | 1,593,330     |
| Sewer system      | -                       | -            | -                        | 7,082,295     | -             | 7,082,295     |
| County club       | -                       | -            | 9,360,695                | 9,765,791     | 9,360,695     | 9,765,791     |
| Total             | \$ 11,334,151           | \$ 9,084,053 | \$ 9,360,695             | \$ 16,848,086 | \$ 20,694,846 | \$ 25,932,139 |

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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### Long-Term Debt

As of December 31, 2019, the Township had \$17,700,000 and \$0 of general obligation debt outstanding in the Governmental and Business-Type Activities, respectively. See Note H to the financial statements for a detailed analysis of long-term debt. The following details activity related to the general obligation debt during 2019:

|                                      | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|--------------------------------------|------------------------------------|-------------------------------------|
| BEGINNING BALANCE AT JANUARY 1, 2019 | \$ 20,328,635                      | \$ 18,855,000                       |
| Additions                            | 4,065,000                          | -                                   |
| Principal payments                   | <u>(6,693,635)</u>                 | <u>(18,855,000)</u>                 |
| ENDING BALANCE AT DECEMBER 31, 2019  | <u>\$ 17,700,000</u>               | <u>\$ -</u>                         |

### Budgetary Highlights

Over the course of the year, the Township's Board of Supervisors monitored actual results with budgeted results. Although actual results and budgeted results may differ due to circumstances that arise during the course of the year, the Township generally does not amend its budget after adoption.

For the year ended December 31, 2019, General Fund revenues were over budgetary estimates by \$822,446. Real estate transfer tax was \$214,282 over budget. Landfill host fees were \$262,771 over budget. General Fund expenditures were over budget \$466,543 which was mostly attributable to underbudgeting consultant expense for the Perkiomen Avenue streetscape project.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

#### Economic Factors

The Township services an area of 24.59 square miles and a community of 25,550 residents. The Township is located in the southeastern part of Berks County, approximately 55 miles from Philadelphia. Route 422 is the main road artery which runs through Exeter Township making the Township a desirable and convenient place to live and work.

The Board of Supervisors entered into an Asset Purchase Agreement with Pennsylvania American Water Company to sell Exeter's wastewater collection and treatment system. Pennsylvania Public Utility Commission granted approval of the sale in early 2019. The sale of the wastewater collection and treatment system to Pennsylvania American Water Company was completed on October 24, 2019. The Township received sale proceeds of \$92,474,222.12. The Wastewater Treatment Sale Proceeds Fund was established for investment of the proceeds.

## EXETER TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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Following Board of Supervisor directive, the Township immediately implemented the Use of Proceeds report which was prepared in 2018. In 2019, the Township utilized the proceeds in the following manner:

- Defeased outstanding General and Sewer Fund Debt - \$14,474,775.05
- Defeased outstanding Debt Service Fund Debt - \$4,496,904.81
- Funding the unfunded liability of the Police Pension Plan - \$9,575,875.00
- Funding the unfunded liability of the Employees' Pension Plan - \$435,866.00
- Payment of PENNVEST loan - \$110,035.88
- Establish Equipment Fund - \$5,000,000.00
- Deposit into Apparatus Fund - \$1,000,000.00
- Deposit into Park Fund - \$1,250,000.00
- Settlement Agreement with former Food & Beverage Operator at the Reading County Club - \$1,875,000.00

The Board of Supervisors also instituted a homestead exemption program, exempting the first \$50,000 of assessed value from the Township real estate tax. The result of the homestead exemption is the elimination of the Township real estate tax for 12% of Township residents.

The Township continues to implement the Township-Wide Master Park & Recreation Plan. Associated with this master plan, the Township received two (2) grants to develop individual park master plans, one for Trout Run Park and the second for the Daniel Boone Homestead. The Township is in the planning phase for the first step in the Trout Run Park plan which calls for a second access road into the existing park. The Township is also investigating acquisition of land adjacent to the Exeter Scenic River Trail which is necessary for completion of the second access road as well as for trail improvements. The Township will be seeking grant funding for the remainder of the Trout Run Park improvements once the second access road is completed. This second project is in cooperation with the Pennsylvania Historic & Museum Commission (PHMC), which owns the Daniel Boone Homestead. PHMC will establish the core historic area related to the Homestead. Following this, it is anticipated that the Master Plan will identify an area of the Homestead that PHMC will lease to the Township for a passive park. The Township completed a request for proposal for the Daniel Boone Homestead Master Plan. The RFP will be awarded in 2020 and the master plan will be completed in 2021.

The Township was awarded Federal and State grants totaling \$3,955,670 to fund a streetscape project along Perkiomen Avenue. In conjunction with the Perkiomen Avenue street and traffic improvements completed by PennDOT, this streetscape project will include sidewalks, walking paths, ornamental streetlights, and street trees. The Township continued the planning phase of the project in 2019 and 2020. It is anticipated that construction for this project will begin in early 2021. The Perkiomen Avenue improvements, coupled with the rezoning of this area of the Township, are designed to encourage mixed use development.

The Township purchased the Promenade Shopping Center in October 2019. The Township is working with architectural experts to determine the best use of the Promenade property and the current municipal complex. The Township is exploring relocation of the municipal complex, including administration, highway, police, and emergency services, to the Promenade Shopping Center.

# EXETER TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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In March 2020, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to impact the Township's operations include tax collections. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, state tax revenues could be significantly decreased. While the Township cannot predict the full economic impact at this time, we recognize that there will be a likely reduction of various sources of income and also expect to see a reduction in certain expenditures as well. There have been no layoffs or furloughs at this time.

### **Capital Projects**

During 2020, the Township has budgeted to complete several major infrastructure and capital projects to add to the overall quality of life in the Township. These projects and the estimated costs include the following:

- |   |          |
|---|----------|
| • Mountain Park Improvements  | \$20,000 |
| • Lorane Hollow Walking Trail Surfacing & Fencing                     | 20,000   |
| • Perkiomen Avenue Streetscape Project (Engineering & Planning Phase) | 60,000   |

### **Budget Highlights**

All of these factors were considered in preparing the Township's budget for the 2020 fiscal year. General Fund revenues are anticipated to decrease 2.9 percent to \$12,653,462. Expenditures are budgeted to decrease 1.8 percent to \$12,625,371. Other governmental fund revenues for 2020 are budgeted at \$8,873,990 while expenditures are budgeted at \$8,615,323. Proprietary fund revenues are budgeted at \$734,427 while expenditures are budgeted at \$2,192,491.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of Exeter Township's finances for all those with an interest in the government's finances. If you have any questions about this report or need additional financial information, contact the Finance Director at Exeter Township, 4975 DeMoss Road, Reading, PA 19606.

**EXETER TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

|   | Governmental<br>Activities | Business-Type<br>Activities | Totals               |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                                   |                            |                             |                      |
| Cash - unrestricted                             | \$ 63,016,091              | \$ 48,963                   | \$ 63,065,054        |
| Cash - restricted                               | 5,200,824                  | -                           | 5,200,824            |
| Certificate of deposit                          | -                          | -                           | -                    |
| Accounts receivable                             | 2,729,388                  | -                           | 2,729,388            |
| Accrued interest receivable                     | -                          | -                           | -                    |
| Taxes receivable                                | 1,529,228                  | -                           | 1,529,228            |
| Net pension asset                               | 9,685,315                  | -                           | 9,685,315            |
| Internal balances                               | 1,679,000                  | (1,679,000)                 | -                    |
| Prepays   | 38,565                     | 1,933                       | 40,498               |
| Inventory                                       | -                          | 28,595                      | 28,595               |
| Capital assets                                  |                            |                             |                      |
| Depreciable capital assets                      | 4,310,179                  | 9,360,695                   | 13,670,874           |
| Non depreciable capital assets                  | 7,023,972                  | -                           | 7,023,972            |
| <b>TOTAL ASSETS</b>                             | <b>95,212,562</b>          | <b>7,761,186</b>            | <b>102,973,748</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                            |                             |                      |
| Loss on debt refinancing                        | 1,279,035                  | -                           | 1,279,035            |
| Pension   | 395,589                    | -                           | 395,589              |
| OPEB  | 845,224                    | -                           | 845,224              |
| <b>TOTAL DEFERRED OUTFLOWS<br/>OF RESOURCES</b> | <b>2,519,848</b>           | <b>-</b>                    | <b>2,519,848</b>     |
| <b>LIABILITIES</b>                              |                            |                             |                      |
| Accounts payable                                | 392,868                    | 201,528                     | 594,396              |
| Accrued salaries                                | 386,233                    | 7,596                       | 393,829              |
| Accrued interest payable                        | 292,189                    | -                           | 292,189              |
| Deposits held in escrow                         | 5,900                      | 25,000                      | 30,900               |
| Unearned revenues                               | -                          | 99,294                      | 99,294               |
| Long-term liabilities                           |                            |                             |                      |
| Bonds and notes payable, current portion        | 2,304,000                  | -                           | 2,304,000            |
| Bonds and notes payable, long-term portion      | 15,544,456                 | -                           | 15,544,456           |
| Capital leases, current portion                 | 93,791                     | -                           | 93,791               |
| Capital leases, long-term portion               | 97,359                     | -                           | 97,359               |
| Compensated absences payable                    | 974,435                    | -                           | 974,435              |
| OPEB liability                                  | 12,919,635                 | -                           | 12,919,635           |
| <b>TOTAL LIABILITIES</b>                        | <b>33,010,866</b>          | <b>333,418</b>              | <b>33,344,284</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                            |                             |                      |
| Pension   | 943,310                    | -                           | 943,310              |
| OPEB  | 204,844                    | -                           | 204,844              |
| <b>TOTAL DEFERRED OUTFLOWS<br/>OF RESOURCES</b> | <b>1,148,154</b>           | <b>-</b>                    | <b>1,148,154</b>     |
| <b>NET POSITION</b>                             |                            |                             |                      |
| Net investment in capital assets                | (5,426,420)                | 9,360,695                   | 3,934,275            |
| Restricted                                      | 5,199,459                  | -                           | 5,199,459            |
| Unrestricted                                    | 63,800,351                 | (1,932,927)                 | 61,867,424           |
| <b>TOTAL NET POSITION</b>                       | <b>\$ 63,573,390</b>       | <b>\$ 7,427,768</b>         | <b>\$ 71,001,158</b> |

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

| Functions/Programs                          | Expenses             | Program Revenues     |                                    |
|---|----------------------|----------------------|------------------------------------|
|   |                      | Charges for Services | Operating Grants and Contributions |
| <b>GOVERNMENTAL ACTIVITIES</b>              |                      |                      |                                    |
| General government                          | \$ 3,933,185         | \$ 614,822           | \$ 397,489                         |
| Public safety                               | 10,471,822           | 332,027              | 628,416                            |
| Public works - sanitation                   | 232,650              | 1,061,711            | -                                  |
| Public works - highways and streets         | 2,563,298            | 8,222                | 910,894                            |
| Culture and recreation                      | 747,623              | 106,741              | -                                  |
| Community development                       | 114,138              | -                    | -                                  |
| Debt service                                | 1,082,016            | -                    | -                                  |
| Insurance                                   | 254,827              | -                    | -                                  |
| Miscellaneous                               | 6,761                | -                    | -                                  |
| Depreciation                                | 614,758              | -                    | -                                  |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>        | <b>20,021,078</b>    | <b>2,123,523</b>     | <b>1,936,799</b>                   |
| <b>BUSINESS-TYPE ACTIVITIES</b>             |                      |                      |                                    |
| Sewer                                       | 7,869,213            | 5,832,980            | -                                  |
| Country Club                                | 2,208,718            | 645,063              | -                                  |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>       | <b>10,077,931</b>    | <b>6,478,043</b>     | <b>-</b>                           |
|   | <b>\$ 30,099,009</b> | <b>\$ 8,601,566</b>  | <b>\$ 1,936,799</b>                |
| <b>GENERAL REVENUES</b>                     |                      |                      |                                    |
| Taxes                                       |                      |                      |                                    |
| Real estate taxes                           |                      |                      |                                    |
| Real estate transfer                        |                      |                      |                                    |
| Per capita                                  |                      |                      |                                    |
| Earned income                               |                      |                      |                                    |
| Local services                              |                      |                      |                                    |
| Business privilege                          |                      |                      |                                    |
| Interest income                             |                      |                      |                                    |
| Proceeds from disposal of assets            |                      |                      |                                    |
| Miscellaneous                               |                      |                      |                                    |
| <b>TRANSFERS (TO) AND FROM OTHER FUNDS</b>  |                      |                      |                                    |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b> |                      |                      |                                    |
| <b>CHANGE IN NET POSITION</b>               |                      |                      |                                    |
| NET POSITION AT BEGINNING OF YEAR, restated |                      |                      |                                    |
| NET POSITION AT END OF YEAR                 |                      |                      |                                    |

See accompanying notes to the basic financial statements.

| Net (Expense) Revenue and Changes in Net Position |                             |                      |
|---|-----------------------------|----------------------|
| Governmental<br>Activities                        | Business-Type<br>Activities | Totals               |
| \$ (2,920,874)                                    | \$ -                        | \$ (2,920,874)       |
| (9,511,379)                                       | -                           | (9,511,379)          |
| 829,061   | -                           | 829,061              |
| (1,644,182)                                       | -                           | (1,644,182)          |
| (640,882)   | -                           | (640,882)            |
| (114,138)   | -                           | (114,138)            |
| (1,082,016)                                       | -                           | (1,082,016)          |
| (254,827)   | -                           | (254,827)            |
| (6,761)   | -                           | (6,761)              |
| (614,758)   | -                           | (614,758)            |
| <u>(15,960,756)</u>                               | <u>-</u>                    | <u>(15,960,756)</u>  |
| -   | (2,036,233)                 | (2,036,233)          |
| -   | (1,563,655)                 | (1,563,655)          |
| <u>-</u>  | <u>(3,599,888)</u>          | <u>(3,599,888)</u>   |
| <u>(15,960,756)</u>                               | <u>(3,599,888)</u>          | <u>(19,560,644)</u>  |
| 4,835,261   | -                           | 4,835,261            |
| 639,282   | -                           | 639,282              |
| 63,632  | -                           | 63,632               |
| 3,767,669   | -                           | 3,767,669            |
| 414,661   | -                           | 414,661              |
| 664,698   | -                           | 664,698              |
| 646,374   | 5,476                       | 651,850              |
| 552,202   | 85,820,639                  | 86,372,841           |
| 229,828   | -                           | 229,828              |
| 79,315,017  | (79,315,017)                | -                    |
| <u>91,128,624</u>                                 | <u>6,511,098</u>            | <u>97,639,722</u>    |
| 75,167,868  | 2,911,210                   | 78,079,078           |
| <u>(11,594,478)</u>                               | <u>4,516,558</u>            | <u>(7,077,920)</u>   |
| <u>\$ 63,573,390</u>                              | <u>\$ 7,427,768</u>         | <u>\$ 71,001,158</u> |

**EXETER TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

|   | <u>General Fund</u> | <u>Wastewater<br/>Treatment<br/>Sale Proceeds</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|---|---|---|
| <b>ASSETS</b>   |                     |   |   |   |
| Cash, unrestricted  | \$ 304,568          | \$ 54,527,981                                     | \$ 8,183,542                            | \$ 63,016,091                           |
| Cash, restricted  | 8,415               | -   | 5,192,409                               | 5,200,824                               |
| Accounts receivable   | 2,726,022           | -   | 3,366                                   | 2,729,388                               |
| Taxes receivable  | 1,447,000           | -   | 82,228                                  | 1,529,228                               |
| Prepays   | 27,059              | -   | -                                       | 27,059                                  |
| Due from other funds  | 1,684,000           | -   | -                                       | 1,684,000                               |
|   | <u>6,197,064</u>    | <u>54,527,981</u>                                 | <u>13,461,545</u>                       | <u>74,186,590</u>                       |
| <b>TOTAL ASSETS</b>   | <b>\$ 6,197,064</b> | <b>\$ 54,527,981</b>                              | <b>\$ 13,461,545</b>                    | <b>\$ 74,186,590</b>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>               |                     |   |   |   |
| <b>LIABILITIES</b>  |                     |   |   |   |
| Accounts payable  | \$ 370,607          | \$ -  | \$ 22,261                               | \$ 392,868                              |
| Accrued salaries  | 386,233             | -   | -                                       | 386,233                                 |
| Deposits held in escrow   | 5,900               | -   | -                                       | 5,900                                   |
| Due to other funds  | -                   | -   | 5,000                                   | 5,000                                   |
|   | <u>762,740</u>      | <u>-</u>  | <u>27,261</u>                           | <u>790,001</u>                          |
| <b>TOTAL LIABILITIES</b>  | <b>762,740</b>      | <b>-</b>  | <b>27,261</b>                           | <b>790,001</b>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |   |   |   |
| Unavailable revenue, property taxes   | 93,452              | -   | 59,891                                  | 153,343                                 |
| Unavailable revenue, earned income taxes  | 876,984             | -   | -                                       | 876,984                                 |
|   | <u>970,436</u>      | <u>-</u>  | <u>59,891</u>                           | <u>1,030,327</u>                        |
| <b>TOTAL DEFERRED INFLOWS<br/>OF RESOURCES</b>                                    | <b>970,436</b>      | <b>-</b>  | <b>59,891</b>                           | <b>1,030,327</b>                        |
| <b>FUND BALANCES</b>  |                     |   |   |   |
| Nonspendable  | 27,059              | -   | -                                       | 27,059                                  |
| Restricted  | -                   | -   | 5,199,459                               | 5,199,459                               |
| Committed   | -                   | -   | 3,158,030                               | 3,158,030                               |
| Assigned  | -                   | 54,527,981  | 5,020,926                               | 59,548,907                              |
| Unassigned  | 4,436,829           | -   | (4,022)                                 | 4,432,807                               |
|   | <u>4,463,888</u>    | <u>54,527,981</u>                                 | <u>13,374,393</u>                       | <u>72,366,262</u>                       |
| <b>TOTAL FUND BALANCES</b>  | <b>4,463,888</b>    | <b>54,527,981</b>                                 | <b>13,374,393</b>                       | <b>72,366,262</b>                       |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b> | <b>\$ 6,197,064</b> | <b>\$ 54,527,981</b>                              | <b>\$ 13,461,545</b>                    | <b>\$ 74,186,590</b>                    |

See accompanying notes to the basic financial statements.

# EXETER TOWNSHIP

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2019

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|  |                      |
|--|----------------------|
| TOTAL GOVERNMENTAL FUNDS BALANCES  | \$ 72,366,262        |
| <p>Amounts reported for governmental activities in the statement of net position are difference because:</p>   |                      |
| Capital assets of \$28,305,827, net of accumulated depreciation of \$16,971,676, used in governmental activities are not financial resources and, therefore, are not reported in the funds.  | 11,334,151           |
| Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.   | 1,030,327            |
| The net pension asset is not an available resource and, therefore, is not reported in the funds.   | 9,685,315            |
| The prepaid insurance costs are not an available resource and, therefore, is not reported in the funds.  | 11,506               |
| Deferred outflows of resources related to the refinancing of debt will not be paid or received in the current period and, therefore, are not reported in the funds.  | 1,279,035            |
| Deferred outflows and inflows of resources related to the pension and OPEB plans will not be paid or received in the current period and, therefore, are not reported in the funds  | 92,659               |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2019 are as follows: |                      |
| Bonds and notes payable  | (17,700,000)         |
| Bond premium   | (179,531)            |
| Bond discounts   | 31,075               |
| Capital leases   | (191,150)            |
| Accrued interest payable   | (292,189)            |
| OPEB liability   | (12,919,635)         |
| Compensated absences payable   | (974,435)            |
|  | <hr/>                |
| TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES  | \$ <u>63,573,390</u> |

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|   | <u>General Fund</u> | <u>Wastewater<br/>Treatment<br/>Sale Proceeds</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|---|---|---|
| <b>REVENUES</b>                             |                     |   |   |   |
| Taxes                                       |                     |   |   |   |
| Real estate                                 | \$ 2,918,757        | \$ -  | \$ 1,943,444                            | \$ 4,862,201                            |
| Real estate transfer                        | 639,282             | -   | -                                       | 639,282                                 |
| Per capita                                  | 63,632              | -   | -                                       | 63,632                                  |
| Earned income                               | 3,846,001           | -   | -                                       | 3,846,001                               |
| Local services                              | 414,661             | -   | -                                       | 414,661                                 |
| Business privilege                          | 664,698             | -   | -                                       | 664,698                                 |
| Licenses and permits                        | 377,698             | -   | 222,222                                 | 599,920                                 |
| Fines and forfeits                          | 137,137             | -   | -                                       | 137,137                                 |
| Interest and rents                          | 31,695              | 272,244   | 342,435                                 | 646,374                                 |
| Intergovernmental revenues                  | 1,009,006           | -   | 911,376                                 | 1,920,382                               |
| Charges for services                        | 1,386,466           | -   | -                                       | 1,386,466                               |
| Miscellaneous                               | 230,153             | -   | 16,092                                  | 246,245                                 |
| <b>TOTAL REVENUES</b>                       | <u>11,719,186</u>   | <u>272,244</u>                                    | <u>3,435,569</u>                        | <u>15,426,999</u>                       |
| <b>EXPENDITURES</b>                         |                     |   |   |   |
| Current                                     |                     |   |   |   |
| General government                          | 1,732,250           | 2,310,893   | 2,606,779                               | 6,649,922                               |
| Public safety                               | 7,461,834           | 9,575,875   | 1,885,019                               | 18,922,728                              |
| Public works - sanitation                   | 232,650             | -   | -                                       | 232,650                                 |
| Public works - highway and streets          | 1,615,294           | -   | 1,267,861                               | 2,883,155                               |
| Culture and recreation                      | 696,177             | -   | 79,767                                  | 775,944                                 |
| Community development                       | 81,362              | -   | 32,773                                  | 114,135                                 |
| Debt service                                |                     |   |   |   |
| Principal                                   | 323,648             | 6,034,824   | 434,618                                 | 6,793,090                               |
| Interest                                    | 34,498              | 183,681   | 632,685                                 | 850,864                                 |
| Insurance                                   | 254,827             | -   | -                                       | 254,827                                 |
| Miscellaneous                               | -                   | -   | 6,761                                   | 6,761                                   |
| <b>TOTAL EXPENDITURES</b>                   | <u>12,432,540</u>   | <u>18,105,273</u>                                 | <u>6,946,263</u>                        | <u>37,484,076</u>                       |
| DEFICIENCY OF REVENUES OVER EXPENDITURES    | <u>(713,354)</u>    | <u>(17,833,029)</u>                               | <u>(3,510,694)</u>                      | <u>(22,057,077)</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                     |   |   |   |
| Acquisition of debt from Sewer Fund         | -                   | 4,207,745   | -                                       | 4,207,745                               |
| Transfers in                                | 3,911,752           | 75,403,265  | 7,409,883                               | 86,724,900                              |
| Transfers out                               | -                   | (7,250,000)                                       | (159,883)                               | (7,409,883)                             |
| Proceeds from disposal of assets            | 52,202              | -   | 500,000                                 | 552,202                                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <u>3,963,954</u>    | <u>72,361,010</u>                                 | <u>7,750,000</u>                        | <u>84,074,964</u>                       |
| NET CHANGE IN FUND BALANCES                 | 3,250,600           | 54,527,981  | 4,239,306                               | 62,017,887                              |
| FUND BALANCES AT BEGINNING OF YEAR          | <u>1,213,288</u>    | <u>-</u>  | <u>9,135,087</u>                        | <u>10,348,375</u>                       |
| FUND BALANCES AT END OF YEAR                | <u>\$ 4,463,888</u> | <u>\$ 54,527,981</u>                              | <u>\$ 13,374,393</u>                    | <u>\$ 72,366,262</u>                    |

See accompanying notes to the basic financial statements.

# EXETER TOWNSHIP

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

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NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 62,017,887

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,250,098

Some taxes will not be collected for several months after year-end. These taxes are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased (increased) by this amount during the year.

|                     |                 |           |
|---------------------|-----------------|-----------|
| Real estate         | \$ (26,940)     |           |
| Earned income taxes | <u>(78,332)</u> |           |
|                     |                 | (105,272) |

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period. (32,904)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

|   |               |           |
|---|---------------|-----------|
| Proceeds from bond insurance  | (4,207,745)   |           |
| Principal repayments  | 6,693,635     |           |
| Amortization of premium discount, prepaid insurance, and refinancing loss | (198,248)     |           |
| Payments on capital leases  | <u>99,455</u> |           |
|   |               | 2,387,097 |

Certain governmental activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|  |                    |                  |
|--|--------------------|------------------|
| Net pension expense                            | 10,069,120         |                  |
| Compensated absences payable                   | (42,653)           |                  |
| Other postemployment benefits (OPEB) liability | <u>(1,375,505)</u> |                  |
|  |                    | <u>8,650,962</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 75,167,868

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

|                                  | Sewer       | Country<br>Club     | Total               |
|----------------------------------|-------------|---------------------|---------------------|
| <b>ASSETS</b>                    |             |                     |                     |
| <b>CURRENT ASSETS</b>            |             |                     |                     |
| Cash, unrestricted               | \$ -        | \$ 48,963           | \$ 48,963           |
| Prepays                          | -           | 1,933               | 1,933               |
| Inventory                        | -           | 28,595              | 28,595              |
| TOTAL CURRENT ASSETS             | <u>-</u>    | <u>79,491</u>       | <u>79,491</u>       |
| <b>NONCURRENT ASSETS</b>         |             |                     |                     |
| Capital assets                   | -           | 14,707,017          | 14,707,017          |
| Accumulated depreciation         | -           | (5,346,322)         | (5,346,322)         |
| TOTAL NONCURRENT ASSETS          | <u>-</u>    | <u>9,360,695</u>    | <u>9,360,695</u>    |
| TOTAL ASSETS                     | <u>-</u>    | <u>9,440,186</u>    | <u>9,440,186</u>    |
| <b>LIABILITIES</b>               |             |                     |                     |
| <b>CURRENT LIABILITIES</b>       |             |                     |                     |
| Accounts payable                 | -           | 201,528             | 201,528             |
| Accrued salaries                 | -           | 7,596               | 7,596               |
| Due to other funds               | -           | 1,679,000           | 1,679,000           |
| Deposits held in escrow          | -           | 25,000              | 25,000              |
| Unearned revenue                 | -           | 99,294              | 99,294              |
| TOTAL CURRENT LIABILITIES        | <u>-</u>    | <u>2,012,418</u>    | <u>2,012,418</u>    |
| <b>NET POSITION</b>              |             |                     |                     |
| Net investment in capital assets | -           | 9,360,695           | 9,360,695           |
| Unrestricted                     | -           | (1,932,927)         | (1,932,927)         |
| TOTAL NET POSITION               | <u>\$ -</u> | <u>\$ 7,427,768</u> | <u>\$ 7,427,768</u> |

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | Sewer              | Country<br>Club     | Total               |
|--|--------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                                      |                    |                     |                     |
| Sewer charges  | \$ 5,706,903       | \$ -                | \$ 5,706,903        |
| Tapping fees   | 30,195             | -                   | 30,195              |
| Charges for services   | -                  | 634,516             | 634,516             |
| Lease rental revenue   | -                  | 10,547              | 10,547              |
| Miscellaneous  | 95,882             | -                   | 95,882              |
| <b>TOTAL OPERATING REVENUES</b>                                | <u>5,832,980</u>   | <u>645,063</u>      | <u>6,478,043</u>    |
| <b>OPERATING EXPENSES</b>                                      |                    |                     |                     |
| Wastewater collection treatment                                | 6,622,105          | -                   | 6,622,105           |
| Culture and recreation expenses                                | -                  | 1,803,622           | 1,803,622           |
| Depreciation   | 428,712            | 405,096             | 833,808             |
| <b>TOTAL OPERATING EXPENSES</b>                                | <u>7,050,817</u>   | <u>2,208,718</u>    | <u>9,259,535</u>    |
| <b>OPERATING INCOME (LOSS)</b>                                 | <u>(1,217,837)</u> | <u>(1,563,655)</u>  | <u>(2,781,492)</u>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                        |                    |                     |                     |
| Interest income  | 5,171              | 305                 | 5,476               |
| Debt service   |                    |                     |                     |
| Interest   | (818,396)          | -                   | (818,396)           |
| <b>TOTAL NONOPERATING REVENUES<br/>(EXPENSES)</b>              | <u>(813,225)</u>   | <u>305</u>          | <u>(812,920)</u>    |
| <b>INCOME (LOSS) BEFORE OTHER<br/>FINANCING SOURCES (USES)</b> | <u>(2,031,062)</u> | <u>(1,563,350)</u>  | <u>(3,594,412)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                    |                     |                     |
| Sale of wastewater treatment plant                             | 85,820,639         | -                   | 85,820,639          |
| Transfers out  | (79,315,017)       | -                   | (79,315,017)        |
| <b>TOTAL OTHER FINANCING SOURCES<br/>(USES)</b>                | <u>6,505,622</u>   | <u>-</u>            | <u>6,505,622</u>    |
| <b>CHANGE IN NET POSITION</b>                                  | 4,474,560          | (1,563,350)         | 2,911,210           |
| <b>NET POSITION AT BEGINNING OF YEAR, restated</b>             | <u>(4,474,560)</u> | <u>8,991,118</u>    | <u>4,516,558</u>    |
| <b>NET POSITION AT END OF YEAR</b>                             | <u>\$ -</u>        | <u>\$ 7,427,768</u> | <u>\$ 7,427,768</u> |

See accompanying notes to the basic financial statements.

**EXETER TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | Sewer               | Country<br>Club       | Total               |
|--|---------------------|-----------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                       |                     |
| Receipts from customers  | \$ 9,815,145        | \$ 651,185            | \$ 10,466,330       |
| Payments to suppliers  | (7,011,030)         | (1,326,505)           | (8,337,535)         |
| Payments to employees  | (977,552)           | (368,587)             | (1,346,139)         |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u>1,826,563</u>    | <u>(1,043,907)</u>    | <u>782,656</u>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                     |                       |                     |
| Interfund activity   | <u>(79,315,017)</u> | <u>1,039,000</u>      | <u>(78,276,017)</u> |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                      |                     |                       |                     |
| Interest paid  | (537,645)           | -                     | (537,645)           |
| Principal paid on bonds  | (19,137,883)        | -                     | (19,137,883)        |
| Acquisition of capital assets  | (2,500)             | -                     | (2,500)             |
| Proceeds from the sale of assets   | 92,474,222          | -                     | 92,474,222          |
| NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES  | <u>72,796,194</u>   | <u>-</u>              | <u>72,796,194</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                       |                     |
| Interest income  | <u>5,171</u>        | <u>1,185</u>          | <u>6,356</u>        |
| NET DECREASE IN CASH   | (4,687,089)         | (3,722)               | (4,690,811)         |
| CASH AT BEGINNING OF YEAR  | <u>4,687,089</u>    | <u>52,685</u>         | <u>4,739,774</u>    |
| CASH AT END OF YEAR  | <u>\$ -</u>         | <u>\$ 48,963</u>      | <u>\$ 48,963</u>    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                     |                       |                     |
| Operating income (loss)  | \$ (1,217,837)      | \$ (1,563,655)        | \$ (2,781,492)      |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities |                     |                       |                     |
| Depreciation expense   | 428,712             | 405,096               | 833,808             |
| Pension and OPEB expense   | (581,513)           | -                     | (581,513)           |
| (Increase) decrease in assets  |                     |                       |                     |
| Accounts receivable  | 3,987,165           | -                     | 3,987,165           |
| Prepays  | 36,573              | (52)                  | 36,521              |
| Inventory  | -                   | 7,235                 | 7,235               |
| Increase (decrease) in liabilities   |                     |                       |                     |
| Accounts payable   | (754,818)           | 104,047               | (650,771)           |
| Accrued salaries   | (25,188)            | (2,700)               | (27,888)            |
| Compensated absences payable   | (41,531)            | -                     | (41,531)            |
| Deposits   | (5,000)             | -                     | (5,000)             |
| Unearned revenue   | -                   | 6,122                 | 6,122               |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES   | <u>\$ 1,826,563</u> | <u>\$ (1,043,907)</u> | <u>\$ 782,656</u>   |

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**YEAR ENDED DECEMBER 31, 2019**

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|   | <u>Pension<br/>Trust Funds</u> | <u>Custodial<br/>Funds</u> |
|---|--------------------------------|----------------------------|
| <b>ASSETS</b>                             |                                |                            |
| Cash                                      | \$ 10,402,714                  | \$ 28,394                  |
| Investments                               | <u>23,382,176</u>              | <u>-</u>                   |
| TOTAL ASSETS                              | <u>33,784,890</u>              | <u>28,394</u>              |
| <b>LIABILITIES</b>                        |                                |                            |
| Benefits payable                          | <u>15,927</u>                  | <u>-</u>                   |
| <b>NET POSITION</b>                       |                                |                            |
| Assets held in trust for pension benefits | 33,768,963                     | -                          |
| Assets held for custodial funds           | <u>-</u>                       | <u>28,394</u>              |
| TOTAL NET POSITION                        | <u>\$ 33,768,963</u>           | <u>\$ 28,394</u>           |

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED DECEMBER 31, 2019**

|   | <u>Pension<br/>Trust Funds</u> | <u>Custodial<br/>Funds</u> |
|---|--------------------------------|----------------------------|
| <b>ADDITIONS</b>                                |                                |                            |
| Contributions                                   |                                |                            |
| Employer  | \$ 10,539,790                  | \$ -                       |
| Employee  | 236,577                        | -                          |
| Developers                                      | -                              | 58,035                     |
| TOTAL CONTRIBUTIONS                             | <u>10,776,367</u>              | <u>58,035</u>              |
| Investment income                               |                                |                            |
| Realized and unrealized gains on investments    | 3,234,583                      | -                          |
| Interest and dividends                          | 908,276                        | 125                        |
| TOTAL INVESTMENT EARNINGS                       | <u>4,142,859</u>               | <u>125</u>                 |
| Less investment expense                         | <u>(101,567)</u>               | -                          |
| NET INVESTMENT EARNINGS                         | <u>4,041,292</u>               | <u>125</u>                 |
| <br>TOTAL ADDITIONS                             | <br><u>14,817,659</u>          | <br><u>58,160</u>          |
| <b>DEDUCTIONS</b>                               |                                |                            |
| Benefit payments                                | 783,580                        | -                          |
| Administrative expenses                         | 15,375                         | -                          |
| Escrow payments                                 | -                              | 49,567                     |
| TOTAL DEDUCTIONS                                | <u>798,955</u>                 | <u>49,567</u>              |
| <br>CHANGE IN NET POSITION                      | <br>14,018,704                 | <br>8,593                  |
| <br>NET POSITION AT BEGINNING OF YEAR, restated | <br><u>19,750,259</u>          | <br><u>19,801</u>          |
| <br>NET POSITION AT END OF YEAR                 | <br><u>\$ 33,768,963</u>       | <br><u>\$ 28,394</u>       |

*See accompanying notes to the basic financial statements.*

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE A - NATURE OF ACTIVITY**

Exeter Township (the Township), Pennsylvania, founded in 1741, has an approximate population of 25,550, based on a 2010 census report, living within an area of 24.1 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Berks County.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except for not recording the Township's capital assets and related depreciation, the Township follows the practice of presenting its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**The Financial Reporting Entity**

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. There are no agencies or entities which should be presented with the Township.

**Blended Component Units:**

The Pension Plans are single employer defined benefit pension plans that provides pensions for all full-time employees and police officers. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plans are reported as a fiduciary fund.

**Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental or proprietary fund are at least 10% of the corresponding total for all funds of that category or type, and total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

***Governmental Funds***

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balance of the Township's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The following are the Township's governmental funds:

**General Fund** - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for or reported in another fund.

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed, or assigned revenues should be the foundation for a special revenue fund.

The reporting entity includes the following special revenue fund which is reported as a major funds:

**Wastewater Treatment Sale Proceeds** - is used to account for the proceeds of the sale of the wastewater treatment plant, and the expenditures incurred by the Township to use these funds.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The reporting entity includes the following special revenue funds which are reported as nonmajor funds:

**Utility Fund** - is used to account for the assessment received from property owners benefiting from public street lighting and fire hydrant service, and the expenditures incurred by the Township to provide these services.

**Fire Fund** - is used to account for revenues generated from the .605 mill assessment received from Township residents for the purpose of providing support for the Township's volunteer fire department.

**Detention Pond/Storm Water Fund** - is used to account for monies received from developers for the acceptance of Deeds of Dedication for detention or retention ponds within the Township.

**K-9 Fund** - is used to account for contributions to be used specifically for the improvement and continuation of the police K-9 program.

**Park Improvement Fund** - is used to account for monies received from developers to be used in the acquisition, improvement and/or maintenance of public open space areas.

**State Liquid Fuels Highway Aid Fund** - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

**DEA Equitable Sharing Fund** - is used to account for activities related to drug related police seizures.

**Exeter Promenade Fund** - is used to account for rental income and expenses for the Exeter Promenade shopping center

**Capital Project Funds** - are used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The reporting entity includes the following capital project funds which are reported as nonmajor funds:

**Capital Expenditure Fund** - is used to account for the financial resources to be used for the acquisition of assets.

**GOB 2009 Capital Projects Fund** - is used to account for the financial resources to be used for improvements within the Township and acquisition of assets.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Improvement Fund** - is used to account for the financial resources to be used primarily for storm sewer improvements.

**Apparatus Fund** - is used to account for the financial resources to assist the fire company in purchasing equipment.

**Traffic Improvement Fund** - is used to account for the collection of transportation impact assessments against new developments that adversely affect the transportation facilities within the Township.

**Debt Service Fund** - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest (debt service) resources. This Fund includes financial resources that are being accumulated for principal and interest maturing in future years, and also includes financial resources that are legally mandated to be accounted for and reported in a debt service fund and is reported as a nonmajor fund.

***Proprietary Fund***

**Enterprise Funds** - are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds which are reported as major funds:

**Sewer Fund** - is used to account for the operation of the sewer system which is operated as a public utility.

**Country Club Fund** - is used to account for the operation of the Reading Country Club.

***Fiduciary Fund Type***

Fiduciary fund types are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

The following is the Township's fiduciary fund type:

**Pension Trust Funds** - are used to account for assets held for the Township's pension plans which are funded by employer contributions. These Funds account for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors two pension plans: the Exeter Township Police Pension Plan and the Exeter Township Employees' Pension Plan.

**Custodial Funds** - are used for fiduciary assets held by the Township in a custodial capacity as an agent on behalf of others. The Township's custodial funds are used to account for various deposits and escrow monies.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting**

The basic financial statements of the Township are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

***Government-Wide Financial Statements***

Government-wide financial statements display information about the reporting government as a whole except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported instead as general revenues.

***Fund Financial Statements***

The fund financial statements are presented on a current financial resources and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities of the government-wide financial statements.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, and pension expenditures which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, funds must be expended for a specific purpose or project before any amounts will be paid to the Township, therefore, revenues are recognized based upon the expenditures incurred. In the other type, funds are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt, or earlier, if the susceptible-to-accrual criteria are met.

Investment income is recognized as earned.

The Township's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Operating revenues in the proprietary funds, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Assets, Liabilities, and Deferred Outflows and Inflows of Resources**

***Cash***

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash.

For the purpose of the statement of cash flows, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**Investments**

The Board of Supervisors is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

- A. U.S. Treasury Bills.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- B. Short-term obligations of the U.S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at fair value.

Investments of pension trust funds are pursuant to the guidelines established by the Pension Boards.

**Accounts Receivable**

Accounts receivable are shown net of allowances for uncollectible amounts.

**Due to and From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000 or purchased with debt proceeds and must have an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation has been provided over the estimated useful lives of property, plant and equipment using the straight-line method as follows:

|                   | <u>Years</u> |
|-------------------|--------------|
| Infrastructure    | 50           |
| Buildings         | 20-40        |
| Site improvements | 15-20        |
| Equipment         | 7-20         |
| Vehicles          | 5-8          |

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Bond Premiums and Discounts**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line amortization method. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reports as other financing uses.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. A deferred charge on refunding, a deferred amount related to the Township's pension plans, and a deferred amount related to the Township's OPEB plan reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of the difference between expected and actual experience of the pension plan. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes of assumptions and benefit payments subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and earned income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of the difference between expected and actual experience of the pension plan and the difference between projected and actual investment earnings on pension plan investments. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of the difference between expected and actual experience of the plan.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Debt**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

**Compensated Absences**

The Township accrues accumulated compensation and sick pay benefits when earned, or estimated to be earned, by the employee. Accrued vacation must be used during the calendar year without carryover to future years, except with advance approval of the Township Manager.

**Equity**

***Government-Wide Statements***

The Township classifies net position into the following components:

**Net Investment in Capital Assets** - This component of net position consists of the cost of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of these assets.

**Restricted** - This component of net position consists of constraints placed on net position use either by (a) external groups, such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Township's policy is to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

***Governmental Fund Financial Statements***

Fund balance is classified into specifically designed classifications as follows:

**Nonspendable** - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted** - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

**Committed** - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

**Assigned** - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed. The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose.

**Unassigned** - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

**Revenues and Expenditures Program Revenues**

All revenues are recognized when received.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are sewer usage charges. The Township also recognizes as operating revenues, the portion of tapping fees intended to recover the cost of connecting new customers to the sewer system. The principal operating revenues of the Country Club Fund are charges for services at the Country Club. Operating expenditures of the Sewer and Country Club Funds include the cost of the services. All revenues and expenditures not meeting this definition are reported as nonoperating revenues and expenditures. The principal nonoperating revenues and expenses of the Township's proprietary funds are interest income and interest expense.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Taxes**

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2019 was 3.56 mills, consisting of 2.145 mills for general purposes, .605 mills for fire services/purchase of fire apparatus, .09 mills for hydrant service and .72 mills for debt service, as established by the Board of Supervisors. Current tax collections for the Township were approximately 98% of the total tax levy.

The Township's real estate taxes are based on assessed values established by the County's Board of Assessments. The taxes are collected by elected local tax collectors. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the Township regardless of when the cash is received. Over time, substantially all property taxes are collected.

In the fund financial statements, delinquent property taxes not paid within 60 days of December 31 are recorded as deferred inflows of resources.

**Intergovernmental Revenues**

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies, and local governmental units, generally to fund specific programs, and are recognized when received.

**Internal and Interfund Balances and Activities**

***Fund Financial Statements***

Interfund activity, if any, within and among the governmental and proprietary fund categories, is reported as follows in the fund financial statements:

**Interfund Services** - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

**Interfund Reimbursements** - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

**Interfund Transfers** - Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with Finance-Related Legal and Contractual Provisions**

The Township had no material violations of finance-related legal and contractual provisions.

**Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2018, and the cash received for the year ended December 31, 2019. For the years ended December 31, 2019 and 2018, expenditures exceeded appropriations in the General Fund by \$466,543 and \$668,632, respectively.

**NOTE D - DEPOSITS AND INVESTMENTS**

The Township's available cash is invested in demand deposit accounts and a certificate of deposit. Pension fund assets are invested in equities, mutual funds, other investments, and collective investment funds. The carrying amount of cash and investments at December 31, 2019 consists of the following:

|                 |                       |
|-----------------|-----------------------|
| Cash            |                       |
| Demand deposits | \$ 78,695,986         |
| Petty cash      | <u>1,000</u>          |
|                 | <u>\$ 78,696,986</u>  |
| Investments     |                       |
| Mutual Funds    |                       |
| Fixed income    | \$ 5,684,221          |
| Equities        | 16,127,119            |
| Real estate     | 79,483                |
| Other           | 771,746               |
| Common stock    | <u>719,607</u>        |
|                 | <u>23,382,176</u>     |
|                 | <u>\$ 102,079,162</u> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**Reconciliation to Statement of Net Position/Balance Sheet**

|                          |    |                    |
|--------------------------|----|--------------------|
| Cash                     |    |                    |
| Governmental activities  | \$ | 68,216,915         |
| Business-type activities |    | 48,963             |
| Fiduciary funds          |    | 10,431,108         |
|                          |    | <u>78,696,986</u>  |
| Investments              |    |                    |
| Fiduciary funds          |    | 23,382,176         |
|                          |    | <u>23,382,176</u>  |
|                          | \$ | <u>102,079,162</u> |

**Custodial Credit Risk, Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to the Township. At December 31, 2019, the carrying amounts of the Township's bank deposits were \$78,696,986, and the corresponding bank balances were \$78,978,580, of which \$250,000 was covered by Federal Depository Insurance. Pension fund deposits of \$10,402,714 were uninsured and uncollateralized. The remaining \$68,325,866 of deposits was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**Investments**

As of December 31, 2019, the Township had the following investments:

| Investment Type             | Amortized<br>Cost | Fair Value<br>Level 1 | Investment<br>Maturities<br>Less Than<br>One Year |
|-----------------------------|-------------------|-----------------------|---|
| PENSION ACTIVITIES          |                   |                       |   |
| Mutual funds, fixed income  | \$ -              | \$ 5,684,221          | \$ 5,684,221                                      |
| Mutual funds, equities      | -                 | 16,127,119            | 16,127,119  |
| Mutual funds, real estate   | -                 | 79,483                | 79,483  |
| Mutual funds, other         | -                 | 771,746               | 771,746   |
| Common stocks               | -                 | 719,607               | 719,607   |
|                             |                   |                       |   |
| TOTAL PENSION<br>ACTIVITIES | \$ -              | \$ 23,382,176         | \$ 23,382,176                                     |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**Fair Value Measurement** - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2019:

Investments in mutual funds, fixed income of \$5,684,221, mutual funds, equities of \$16,127,119, mutual funds, real estate of \$79,483, mutual funds, other of \$771,746 and common stocks of \$719,607 are valued using quoted market prices (Level 1 inputs).

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. 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** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note B. The Township limits the type of investments permitted as defined in the Township Code. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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. There were no investments that exceeded 5% of the total investments reported in the Governmental, Proprietary, or Fiduciary Funds that would be considered a concentration of credit risk.

**NOTE E - RESTRICTED CASH**

Cash and investments whose use is limited to a specific purpose have been classified as "restricted" in the financial statements. Restricted assets at December 31, 2019 consist of the following:

|                                     |                     |
|-------------------------------------|---------------------|
| GOVERNMENTAL ACTIVITIES             |                     |
| General Fund                        |                     |
| Police equipment                    | \$ 809              |
| Fire police                         | 7,506               |
| Other                               | 100                 |
| K-9 Fund                            | 15,650              |
| DEA Equitable Sharing Fund          | 6,672               |
| State Liquid Fuels Highway Aid Fund | 76,115              |
| GOB 2009 Capital Projects Fund      | 158                 |
| Capital Improvement Fund            | 4,212,240           |
| Traffic Improvement Fund            | 36,897              |
| Debt Service Fund                   | 844,677             |
|                                     | <hr/>               |
| TOTAL RESTRICTED CASH               | \$ <u>5,200,824</u> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at December 31, 2019, are as follows:

|                                 | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|---------------------------------|---------------------------------|-------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>  |                                 |                               |
| General Fund                    | \$ 1,684,000                    | \$ -                          |
| Nonmajor governmental funds     | -                               | (5,000)                       |
| <b>TOTAL GOVERNMENTAL FUNDS</b> | <u>1,684,000</u>                | <u>(5,000)</u>                |
| <b>PROPRIETARY FUNDS</b>        |                                 |                               |
| Country Club Fund               | -                               | (1,679,000)                   |
|                                 | <u>\$ 1,684,000</u>             | <u>\$ (1,684,000)</u>         |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Transfers between funds for the year ended December 31, 2019 were as follows:

|   | <u>Transfers<br/>In</u> | <u>Transfers<br/>Out</u> |
|---|-------------------------|--------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>          |                         |                          |
| General Fund                            | \$ 3,911,752            | \$ -                     |
| Wastewater Treatment Sale Proceeds Fund | 75,403,265              | (7,250,000)              |
| Nonmajor governmental funds             | 7,409,883               | (159,883)                |
| <b>TOTAL GOVERNMENTAL FUNDS</b>         | <u>86,724,900</u>       | <u>(7,409,883)</u>       |
| <b>PROPRIETARY FUNDS</b>                |                         |                          |
| Sewer Fund                              | -                       | (79,315,017)             |
|   | <u>\$ 86,724,900</u>    | <u>\$ (86,724,900)</u>   |

In general, transfers are made from various funds to the Debt Service Fund for that fund's share of debt service payments and to capital project funds to cover capital outlays. During 2019, the Township transferred \$75,403,265 from the Sewer Fund to the Wastewater Treatment Sale Proceeds Fund. The Township then transferred \$7,250,000 from the Wastewater Treatment Sale Proceeds Fund to the Apparatus Fund (\$1,000,000), the Equipment Fund (\$5,000,000) and the Park Improvement Fund (\$1,250,000). The Township transferred \$159,883 from the Fire Protection Fund to the Apparatus Fund. The Township transferred \$3,911,752 from the Sewer Fund to the General Fund.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE G - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2019, was as follows:

|   | Balance<br>January 1,<br>2019 | Additions                   | Deletions                   | Balance<br>December 31,<br>2019 |
|---|-------------------------------|-----------------------------|-----------------------------|---------------------------------|
|   | <u>                    </u>   | <u>                    </u> | <u>                    </u> | <u>                    </u>     |
| <b>GOVERNMENTAL ACTIVITIES</b>                        |                               |                             |                             |                                 |
| Capital assets not being depreciated                  |                               |                             |                             |                                 |
| Land and infrastructure                               | \$ 4,536,472                  | \$ 2,487,500                | \$ -                        | \$ 7,023,972                    |
| Capital assets being depreciated                      |                               |                             |                             |                                 |
| Infrastructure  | 8,295,324                     | 86,180                      | -                           | 8,381,504                       |
| Buildings   | 4,171,845                     | 12,645                      | -                           | 4,184,490                       |
| Site improvements                                     | 1,513,440                     | -                           | -                           | 1,513,440                       |
| Equipment   | 832,929                       | 79,217                      | -                           | 912,146                         |
| Vehicles  | 6,090,961                     | 199,314                     | -                           | 6,290,275                       |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED             | <u>20,904,499</u>             | <u>377,356</u>              | <u>-</u>                    | <u>21,281,855</u>               |
| Accumulated depreciation                              |                               |                             |                             |                                 |
| Infrastructure  | (8,160,733)                   | (5,487)                     | -                           | (8,166,220)                     |
| Buildings   | (2,186,193)                   | (118,154)                   | -                           | (2,304,347)                     |
| Site improvements                                     | (1,147,699)                   | (48,134)                    | -                           | (1,195,833)                     |
| Equipment   | (364,662)                     | (46,023)                    | -                           | (410,685)                       |
| Vehicles  | (4,497,631)                   | (396,960)                   | -                           | (4,894,591)                     |
| TOTAL ACCUMULATED<br>DEPRECIATION                     | <u>(16,356,918)</u>           | <u>(614,758)</u>            | <u>-</u>                    | <u>(16,971,676)</u>             |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED, net        | <u>4,547,581</u>              | <u>(237,402)</u>            | <u>-</u>                    | <u>4,310,179</u>                |
| <br>GOVERNMENTAL<br>ACTIVITIES CAPITAL<br>ASSETS, net | <br><u>\$ 9,084,053</u>       | <br><u>\$ 2,250,098</u>     | <br><u>\$ -</u>             | <br><u>\$ 11,334,151</u>        |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE G - CAPITAL ASSETS (Continued)**

|  | Balance<br>January 1,<br>2019 | Additions               | Deletions                 | Balance<br>December 31,<br>2019 |
|--|-------------------------------|-------------------------|---------------------------|---------------------------------|
|  | <u>          </u>             | <u>          </u>       | <u>          </u>         | <u>          </u>               |
| <b>SEWER FUND</b>                              |                               |                         |                           |                                 |
| Capital assets not being depreciated           |                               |                         |                           |                                 |
| Land   | \$ 1,134,848                  | \$ -                    | \$ (1,134,848)            | \$ -                            |
| Capital assets being depreciated               |                               |                         |                           |                                 |
| Treatment plant                                | 37,468,018                    | -                       | (37,468,018)              | -                               |
| Collection system                              | 20,532,373                    | -                       | (20,532,373)              | -                               |
| Site improvements                              | 183,157                       | -                       | (183,157)                 | -                               |
| Equipment                                      | 1,021,312                     | -                       | (1,021,312)               | -                               |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED      | <u>59,204,860</u>             | <u>-</u>                | <u>(59,204,860)</u>       | <u>-</u>                        |
| Accumulated depreciation                       |                               |                         |                           |                                 |
| Treatment plant                                | (31,557,570)                  | (422,175)               | 31,979,745                | -                               |
| Collection system                              | (20,532,373)                  | -                       | 20,532,373                | -                               |
| Site improvements                              | (181,323)                     | (323)                   | 181,646                   | -                               |
| Equipment                                      | (986,147)                     | (6,214)                 | 992,361                   | -                               |
| TOTAL ACCUMULATED<br>DEPRECIATION              | <u>(53,257,413)</u>           | <u>(428,712)</u>        | <u>53,686,125</u>         | <u>-</u>                        |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED, net | <u>5,947,447</u>              | <u>(428,712)</u>        | <u>(5,518,735)</u>        | <u>-</u>                        |
| <br>SEWER FUND CAPITAL<br>ASSETS, net          | <br><u>\$ 7,082,295</u>       | <br><u>\$ (428,712)</u> | <br><u>\$ (6,653,583)</u> | <br><u>\$ -</u>                 |
| <br><b>COUNTRY CLUB</b>                        |                               |                         |                           |                                 |
| Capital assets being depreciated               |                               |                         |                           |                                 |
| Buildings and golf course                      | \$ 13,288,418                 | \$ -                    | \$ -                      | \$ 13,288,418                   |
| Site improvements                              | 828,420                       | -                       | -                         | 828,420                         |
| Equipment                                      | 590,179                       | -                       | -                         | 590,179                         |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED      | <u>14,707,017</u>             | <u>-</u>                | <u>-</u>                  | <u>14,707,017</u>               |
| Accumulated depreciation                       |                               |                         |                           |                                 |
| Buildings and golf course                      | (4,214,914)                   | (332,210)               | -                         | (4,547,124)                     |
| Site improvements                              | (373,239)                     | (41,421)                | -                         | (414,660)                       |
| Equipment                                      | (353,073)                     | (31,465)                | -                         | (384,538)                       |
| TOTAL ACCUMULATED<br>DEPRECIATION              | <u>(4,941,226)</u>            | <u>(405,096)</u>        | <u>-</u>                  | <u>(5,346,322)</u>              |
| TOTAL CAPITAL ASSETS<br>BEING DEPRECIATED, net | <u>9,765,791</u>              | <u>(405,096)</u>        | <u>-</u>                  | <u>9,360,695</u>                |
| <br>COUNTRY CLUB CAPITAL<br>ASSETS, net        | <br><u>\$ 9,765,791</u>       | <br><u>\$ (405,096)</u> | <br><u>\$ -</u>           | <br><u>\$ 9,360,695</u>         |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE H - LONG-TERM DEBT**

At December 31, 2019, long-term debt consists of the following:

|   | Balance<br>Outstanding<br>December 31,<br>2018 | Additions          | Payments                     | Balance<br>Outstanding<br>December 31,<br>2019 | Due Within<br>One Year   |
|---|--|--------------------|------------------------------|--|--------------------------|
| GOVERNMENTAL ACTIVITIES   |  |                    |                              |  |                          |
| Pennsylvania Infrastructure Investment Authority Loan, initial issue of \$299,193, interest due monthly at 1.387% principal payments due monthly. Paid off in 2019.                           | \$ 124,392                                     | \$ -               | \$ (124,392)                 | \$ -   | \$ -                     |
| General Obligation Notes, Series of 2012, in the initial amount of \$3,615,000, interest due semiannually at rates ranging from 1.250% to 2.000% principal. Paid off in 2019.                 | 1,905,000                                      | -                  | (1,905,000)                  | -  | -                        |
| General Obligation Bonds, Series of 2015, in the initial amount of \$1,808,000, interest due semiannually at rates ranging from 4.050% to 6.250% principal due annually through August 2030   | 1,511,000                                      | -                  | (101,000)                    | 1,410,000                                      | 109,000                  |
| General Obligation Bonds, Series A of 2015, in the initial amount of \$9,755,000, interest due semiannually at rates ranging from 0.550% to 3.800% principal due annually through August 2046 | 6,725,000                                      | -                  | (1,570,000)                  | 5,155,000                                      | 90,000                   |
| General Obligation Bonds, Series of 2016, in the initial amount of \$7,005,000, interest due semiannually at rates ranging from 1.500% to 3.450% principal due annually through August 2046   | <u>6,945,000</u>                               | <u>-</u>           | <u>(2,875,000)</u>           | <u>4,070,000</u>                               | <u>25,000</u>            |
| <b>SUBTOTAL FORWARD</b>   | <b>\$ <u>17,210,392</u></b>                    | <b>\$ <u>-</u></b> | <b>\$ <u>(6,575,392)</u></b> | <b>\$ <u>10,635,000</u></b>                    | <b>\$ <u>224,000</u></b> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE H - LONG-TERM DEBT (Continued)**

|  | Balance<br>Outstanding<br>December 31,<br>2018 | Additions | Payments       | Balance<br>Outstanding<br>December 31,<br>2019 | Due Within<br>One Year |
|--|--|-----------|----------------|--|------------------------|
| SUBTOTAL FORWARDED   | \$ 17,210,392                                  | \$ -      | \$ (6,575,392) | \$ 10,635,000                                  | \$ 224,000             |
| General Obligation Note,<br>Federally Taxable, Series of<br>2018, in the amount of<br>\$3,050,000, interest due<br>semiannually at 4.45%,<br>principal due annually<br>through August 2027 | 3,050,000                                      | -         | (50,000)       | 3,000,000                                      | 100,000                |
| Loan payable to the County<br>of Berks original principal<br>amount of \$261,411, w ithout<br>interest, annual payments of<br>\$37,344 through June 2019                                   | 37,347   | -         | (37,347)       | -  | -                      |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$31,997, w ithout<br>interest, annual payments of<br>\$4, 571 through June 2019                                   | 4,571  | -         | (4,571)        | -  | -                      |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$17,812, w ithout<br>interest, annual payments of<br>\$2,545 through June 2019                                    | 2,542  | -         | (2,542)        | -  | -                      |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$120,811, w ithout<br>interest, annual payments of<br>\$17,259 through June 2019                                  | 17,257   | -         | (17,257)       | -  | -                      |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$17,110, w ithout<br>interest, annual payments of<br>\$2,444 through June 2019                                    | 2,446  | -         | (2,446)        | -  | -                      |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$21,856, w ithout<br>interest, annual payments of<br>\$3,122 through June 2019                                    | 3,124  | -         | (3,124)        | -  | -                      |
| SUBTOTAL FORWARD   | \$ 20,327,679                                  | \$ -      | \$ (6,692,679) | \$ 13,635,000                                  | \$ 324,000             |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE H - LONG-TERM DEBT (Continued)**

|   | Balance<br>Outstanding<br>December 31,<br>2018 | Additions                  | Payments                      | Balance<br>Outstanding<br>December 31,<br>2019 | Due Within<br>One Year     |
|---|--|----------------------------|-------------------------------|--|----------------------------|
|   | <u>          </u>                              | <u>          </u>          | <u>          </u>             | <u>          </u>                              | <u>          </u>          |
| SUBTOTAL FORWARDED  | \$ 20,327,679                                  | \$ -                       | \$ (6,692,679)                | \$ 13,635,000                                  | \$ 324,000                 |
| Loan payable to the County<br>of Berks, original principal<br>amount of \$6,692, without<br>interest, annual payments of<br>\$956 through June 2019   | 956  | -                          | (956)                         | -  | -                          |
| General Obligation Bonds,<br>Series of 2007, in the initial<br>amount of \$21,380,000,<br>interest due semiannually at<br>rates ranging from 4.750% to<br>5.300%, principal due<br>annually through July 2021 | <u>-</u>                                       | <u>4,065,000</u>           | <u>-</u>                      | <u>4,065,000</u>                               | <u>1,980,000</u>           |
| TOTAL GOVERNMENTAL<br>ACTIVITIES  | \$ <u>20,328,635</u>                           | \$ <u>4,065,000</u>        | \$ <u>(6,693,635)</u>         | \$ <u>17,700,000</u>                           | \$ <u>2,304,000</u>        |
| BUSINESS-TYPE ACTIVITIES  |  |                            |                               |  |                            |
| General Obligation Notes,<br>Series of 2007, in the initial<br>amount of \$21,380,000,<br>interest due semiannually at<br>rates ranging from 4.750% to<br>5.300%, principal due<br>annually through July 2021 | 5,935,000                                      | -                          | (5,935,000)                   | -  | -                          |
| General Obligation Notes,<br>Series of 2012, in the initial<br>amount of \$6,055,000,<br>interest due semiannually at<br>rates ranging from 1.250% to<br>2.000%, principal. Paid off in<br>2019.              | 5,675,000                                      | -                          | (5,675,000)                   | -  | -                          |
| General Obligation Notes,<br>Series of 2013, in the initial<br>amount of \$7,755,000,<br>interest due semiannually at<br>rates ranging from 0.400% to<br>2.000%, principal. Paid off in<br>2019.              | <u>7,245,000</u>                               | <u>-</u>                   | <u>(7,245,000)</u>            | <u>-</u>                                       | <u>-</u>                   |
| TOTAL BUSINESS-TYPE<br>ACTIVITIES   | <u>18,855,000</u>                              | <u>-</u>                   | <u>(18,855,000)</u>           | <u>-</u>                                       | <u>-</u>                   |
| TOTAL DEBT  | \$ <u><u>39,183,635</u></u>                    | \$ <u><u>4,065,000</u></u> | \$ <u><u>(25,548,635)</u></u> | \$ <u><u>17,700,000</u></u>                    | \$ <u><u>2,304,000</u></u> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE H - LONG-TERM DEBT (Continued)**

Aggregate maturities required on long-term debt at December 31, 2019 are as follows:

**Governmental Activities**

| <u>Year Ending<br/>December 31,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total Debt<br/>Service</u> |
|-------------------------------------|----------------------|---------------------|-------------------------------|
| 2020                                | \$ 2,304,000         | \$ 679,708          | \$ 2,983,708                  |
| 2021                                | 2,417,000            | 563,729             | 2,980,729                     |
| 2022                                | 335,000              | 441,807             | 776,807                       |
| 2023                                | 343,000              | 430,166             | 773,166                       |
| 2024                                | 352,000              | 418,208             | 770,208                       |
| 2025 to 2029                        | 5,854,000            | 1,654,795           | 7,508,795                     |
| 2030 to 2034                        | 3,285,000            | 761,938             | 4,046,938                     |
| 2035 to 2039                        | 2,810,000            | 248,065             | 3,058,065                     |
|                                     | <u>\$ 17,700,000</u> | <u>\$ 5,198,416</u> | <u>\$ 22,898,416</u>          |

Substantially all of the Township's assets are pledged as collateral on the long-term debt.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE I - CAPITAL LEASES**

At December 31, 2019, the Township's capital leases consisted of the following:

|  | Balance<br>Outstanding<br>December 31,<br><u>2018</u> | <u>Additions</u> | <u>Payments</u>  | Balance<br>Outstanding<br>December 31,<br><u>2019</u> | <u>Due Within<br/>One Year</u> |
|--|---|------------------|------------------|---|--------------------------------|
| 2016 Mack dump truck, financed through a leasing company, payable in quarterly installments of \$9,056, including interest at a rate of 2.25%, through September 2020                | \$ 61,969   | \$ -             | \$ 35,107        | \$ 26,862   | \$ 26,862                      |
| 2016 John Deere loader, financed through a leasing company, payable in quarterly installments of \$6,265, including interest at a rate of 2.52%, through March 2021                  | 54,647  | -                | 23,907           | 30,740  | 24,515                         |
| 2018 Elgin Whirlwind street sweeper, financed through a leasing company, payable in quarterly installments of \$12,015, including interest at a rate of 2.61%, through December 2022 | <u>173,989</u>  | <u>-</u>         | <u>40,441</u>    | <u>133,548</u>  | <u>42,414</u>                  |
|  | <u>\$ 290,605</u>                                     | <u>\$ -</u>      | <u>\$ 99,455</u> | <u>\$ 191,150</u>                                     | <u>\$ 93,791</u>               |

The following is a schedule of future minimum annual lease payments under the capital lease agreement as of December 31, 2019:

|   |                   |
|---|-------------------|
| Total future minimum lease payments         | \$ 202,667        |
| Amount representing interest                | <u>11,517</u>     |
| Present value of net minimum lease payments | <u>\$ 191,150</u> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE J - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended December 31, 2019 are as follows:  
in prior years.

|   | Balance<br>January 1,<br>2019 | Additions                  | Deletions                     | Balance<br>December 31,<br>2019 | Current<br>Portion         |
|---|-------------------------------|----------------------------|-------------------------------|---------------------------------|----------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                                      |                               |                            |                               |                                 |                            |
| General obligation debt   |                               |                            |                               |                                 |                            |
| Bonds and notes payable   | \$ 20,328,635                 | \$ 4,065,000               | \$ (6,693,635)                | \$ 17,700,000                   | \$ 2,304,000               |
| Less deferred amounts   |                               |                            |                               |                                 |                            |
| Bond and note premiums  | 30,866                        | 154,521                    | (5,856)                       | 179,531                         | -                          |
| Bond and note discounts   | (32,244)                      | -                          | 1,169                         | (31,075)                        | -                          |
| Capital leases  | 290,605                       | -                          | (99,455)                      | 191,150                         | 93,791                     |
| Compensated absences  | 931,782                       | 42,653                     | -                             | 974,435                         | -                          |
| Net pension liability   | 2,383,194                     | -                          | (2,383,194)                   | -                               | -                          |
| Net OPEB liability  | <u>11,701,909</u>             | <u>1,217,726</u>           | <u>-</u>                      | <u>12,919,635</u>               | <u>-</u>                   |
| <b>TOTAL GOVERNMENTAL<br/>ACTIVITIES LONG-TERM<br/>LIABILITIES</b>  | <b>\$ <u>35,634,747</u></b>   | <b>\$ <u>5,479,900</u></b> | <b>\$ <u>(9,180,971)</u></b>  | <b>\$ <u>31,933,676</u></b>     | <b>\$ <u>2,397,791</u></b> |
| <b>BUSINESS-TYPE ACTIVITIES</b>                                     |                               |                            |                               |                                 |                            |
| General obligation debt   |                               |                            |                               |                                 |                            |
| Bonds and notes payable   | \$ 18,855,000                 | \$ -                       | \$ (18,855,000)               | \$ -                            | \$ -                       |
| Less deferred amounts   |                               |                            |                               |                                 |                            |
| Bond premiums   | 287,780                       | -                          | (287,780)                     | -                               | -                          |
| Bond discounts  | (4,897)                       | -                          | 4,897                         | -                               | -                          |
| Compensated absences  | 41,531                        | -                          | (41,531)                      | -                               | -                          |
| Net pension liability   | 60,468                        | -                          | (60,468)                      | -                               | -                          |
| Net OPEB liability  | <u>537,826</u>                | <u>-</u>                   | <u>(537,826)</u>              | <u>-</u>                        | <u>-</u>                   |
| <b>TOTAL BUSINESS-TYPE<br/>ACTIVITIES LONG-TERM<br/>LIABILITIES</b> | <b>\$ <u>19,777,708</u></b>   | <b>\$ <u>-</u></b>         | <b>\$ <u>(19,777,708)</u></b> | <b>\$ <u>-</u></b>              | <b>\$ <u>-</u></b>         |

Compensated absences have been liquidated in the General Fund in prior years.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE K - FUND BALANCE**

The fund balances of the Township's governmental funds at December 31, 2019 consist of the following:

|   | <u>Nonspendable</u> | <u>Restricted</u>   | <u>Committed</u>    | <u>Assigned</u>      | <u>Unassigned</u>   | <u>Total Fund Balance</u> |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------------|
| Reported in                             |                     |                     |                     |                      |                     |                           |
| General Fund                            | \$ 27,059           | \$ -                | \$ -                | \$ -                 | \$ 4,436,829        | \$ 4,463,888              |
| Other governmental funds                |                     |                     |                     |                      |                     |                           |
| Wastewater Treatment Sale Proceeds Fund | -                   | -                   | -                   | 54,527,981           | -                   | 54,527,981                |
| Utility Fund                            | -                   | -                   | -                   | -                    | (4,022)             | (4,022)                   |
| Fire Protection Fund                    | -                   | -                   | 136,293             | -                    | -                   | 136,293                   |
| Detention Pond/ Storm Water Maintenance | -                   | -                   | 92,645              | -                    | -                   | 92,645                    |
| K-9 Program Fund                        | -                   | 14,005              | -                   | -                    | -                   | 14,005                    |
| Park Improvement Fund                   | -                   | -                   | 1,284,472           | -                    | -                   | 1,284,472                 |
| Exeter Promenade Fund                   | -                   | -                   | -                   | 20,926               | -                   | 20,926                    |
| DEA Equitable Sharing Fund              | -                   | 6,672               | -                   | -                    | -                   | 6,672                     |
| State Liquid Fuels Highway Aid Fund     | -                   | 74,245              | -                   | -                    | -                   | 74,245                    |
| Debt Service Fund                       | -                   | 855,242             | -                   | -                    | -                   | 855,242                   |
| Capital Projects Funds                  | -                   | 4,249,295           | 1,644,620           | 5,000,000            | -                   | 10,893,915                |
|   | <u>-</u>            | <u>5,199,459</u>    | <u>3,158,030</u>    | <u>59,548,907</u>    | <u>(4,022)</u>      | <u>67,902,374</u>         |
|   | <u>\$ 27,059</u>    | <u>\$ 5,199,459</u> | <u>\$ 3,158,030</u> | <u>\$ 59,548,907</u> | <u>\$ 4,432,807</u> | <u>\$ 72,366,262</u>      |

**Fund Balance Policy**

The Township established and maintains reservations of fund balance in accordance with its policy which applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the Township in accordance with policies established by the Board of Supervisors.

**Spending Policy**

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Township's policy is to use unrestricted fund balance in the following order: committed, assigned, and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications is available.

**Minimum Fund Balance Policy**

The Township has not formally adopted a minimum fund balance policy.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE K - FUND BALANCE (Continued)**

**Reservations of Fund Balance**

***Nonspendable - General Fund***

The nonspendable fund balance in the Township's General Fund is related to prepaid expenses.

***Restricted - General Fund***

The Township's restricted fund balance in the General Fund consists of contributions from third parties and funds held which are restricted to be used on specific expenditures.

***Restricted - Other Governmental Funds***

The Township hereby establishes the following restricted fund balance reserves in the other governmental funds:

**K-9 Program Fund** - The Township's restricted fund balance in the K-9 Fund consists of contributions from third parties which are restricted for Exeter Police K-9 Unit expenses.

**DEA Equitable Sharing Fund** - The Township's restricted fund balance in the DEA Equitable Sharing Fund consists of revenues and expenses related to drug related police seizures.

**State Liquid Fuels Highway Aid Fund** - The Township's restricted fund balance in the State Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the State Liquid Fuels Highway Aid Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

**Capital Project Funds** - The Township's restricted fund balances in the GOB 2009 Capital Projects Fund and Capital Improvement Fund consist of unspent bond proceeds which are restricted for specific capital projects. The Township's restricted fund balance in the Traffic Improvement Fund consists of contributions from third parties restricted for expenditures for traffic improvements.

**Debt Service Fund** - is restricted fund balance consisting of funds raised through a dedicated real estate tax millage.

***Committed - Other Governmental Funds***

The Township established the following committed fund balance reserves in the other governmental funds:

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE K - FUND BALANCE (Continued)**

**Fire Protection Fund** - is committed by the Township Board of Supervisors, as set forth in the annual budget and any amendments thereto to provide funds for support of the volunteer fire department and is generated from the .605 mill assessment received from Township residents.

**Park Improvement Fund** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to collect certain fees to be used for park improvement projects within the Township.

**Detention Pond/Storm Water Maintenance Fund** - is committed by the Township Board of Supervisors, as set forth by Township Ordinance, to provide funds for the maintenance of detention ponds and storm water systems within the Township.

**Capital Project Funds** - Township committed fund balances in the Capital Expenditure Fund, Equipment Fund and Apparatus Fund are committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto to provide funds for capital projects.

**Disbursement of Fund Balance Reserves**

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves, however, disbursement is approved by the Board of Supervisors by inclusion in the approved annual budget and amendments thereto.

**Annual Review and Determination of Fund Balance Reserve Amounts**

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process, and the amounts of nonspendable, restricted, committed, assigned, and the minimum level of unassigned fund balance shall be determined during this process.

**NOTE L - EXETER TOWNSHIP POLICE PENSION PLAN**

**Plan Description**

The Exeter Township Police Pension Plan (Police Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Police Pension Plan provides pension benefits for normal retirement after attainment of age 50 and completion of 25 years of service.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE L - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Benefits Provided**

Benefits are available to all officers hired before January 1, 2017, who have attained the age of fifty (50) years, and all officers hired after January 1, 2017 who have attained the age of fifty-five (55) years. All officers must also have completed 25 years of service. Benefits are calculated based on a monthly benefit equal to 50% of average monthly pay, plus a service increment of \$50 per year of service in excess of 25 years of service, up to a maximum of \$100 additional per month. Average monthly pay is based upon the last 36 months of employment. The Police Pension Plan provides retirement, disability, and death benefits to the Police Pension Plan members and beneficiaries. The Police Pension Plan's assets may be used only for the payment of benefits to the members of the Police Pension Plan in accordance with the terms of the Police Pension Plan.

**Employees Covered by Benefit Terms**

At December 31, 2019, the following employees were covered by the Police Pension Plan:

|  |           |
|--|-----------|
| Inactive members or beneficiaries currently receiving benefits | 20        |
| Inactive members entitled to but not yet receiving benefits    | -         |
| Active members   | <u>26</u> |
|  | <u>46</u> |

**Contributions**

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO) which is based on the Police Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute 8.0% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute.

**Net Pension Liability**

The Township's net pension liability was measured as of December 31, 2019 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE L - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

The components of the net pension liability of the Township at December 31, 2019, were as follows:

|   |                       |
|---|-----------------------|
| Total pension liability   | \$ 22,212,089         |
| Plan fiduciary net position   | <u>(31,158,687)</u>   |
| NET PENSION ASSET   | <u>\$ (8,946,598)</u> |
| Plan fiduciary net position as a percentage<br>of the total pension liability | <u>140.28%</u>        |

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                     |
|--|-------------------------------------|
| Inflation                              | 3.00%                               |
| Salary increases                       | 5.00%, average, including inflation |
| Investment rate of return              | 8.00%, including inflation          |
| Postretirement cost of living increase | 3.00%                               |

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| ASSET CLASS          | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|------------------------------|---|
| Domestic equity      | 60%                          | 5.50 - 7.50%  |
| International equity | 3%                           | 4.50 - 6.50%  |
| Fixed income         | 34%                          | 1.00 - 3.00%  |
| Real estate          | 2%                           | 4.50 - 6.50%  |
| Cash                 | 1%                           | 0.00 - 1.00%  |
|                      | <u>100%</u>                  |   |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTE L - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 8.00%. The Police 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 the Police 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 Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Rate of Return** - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 21.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2019.

|  | Increase/(Decrease)        |                                |                       |
|--|----------------------------|--------------------------------|-----------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Asset  |
|  | (a)                        | (b)                            | (a)-(b)               |
| BALANCE AT DECEMBER 31, 2018                                   | \$ 20,247,389              | \$ 17,924,125                  | \$ 2,323,264          |
| Changes for the year   |                            |                                |                       |
| Service cost   | 483,532                    | -                              | 483,532               |
| Interest cost  | 1,730,482                  | -                              | 1,730,482             |
| Changes for experience   | 474,707                    | -                              | 474,707               |
| Contributions - employer                                       | -                          | 10,038,150                     | (10,038,150)          |
| Contributions - member   | -                          | 236,577                        | (236,577)             |
| Net investment income (loss)                                   | -                          | 3,692,306                      | (3,692,306)           |
| Benefit payments, including refunds<br>of member contributions | (724,021)                  | (724,021)                      | -                     |
| Administrative expense   | -                          | (8,450)                        | 8,450                 |
| BALANCE AT DECEMBER 31, 2019                                   | <u>\$ 22,212,089</u>       | <u>\$ 31,158,687</u>           | <u>\$ (8,946,598)</u> |

**Net Pension Liability Sensitivity**

The following presents the net pension liability of the Police Pension Plan, calculated using the discount rate of 8.00%, as well as what the Police Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

|                   | 1% Decrease<br>(7.00%) | Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|-------------------|------------------------|--------------------------|------------------------|
| NET PENSION ASSET | <u>\$ (6,566,701)</u>  | <u>\$ (8,946,598)</u>    | <u>\$ (11,019,707)</u> |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE L - EXETER TOWNSHIP POLICE PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended December 31, 2019, the Township recognized pension expense of \$358,973. The Township has deferred outflows of resources related to the Police Pension Plan from the following source at December 31, 2019:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference between expected and actual experience                                | \$ 395,589                                    | \$ 141,042                                   |
| Net difference between projected and actual earnings on pension plan investments | <u>-</u>                                      | <u>373,838</u>                               |
| Total  | <u>\$ 395,589</u>                             | <u>\$ 514,880</u>                            |

Actuarially determined deferred outflows of resources related to the Police Pension Plan are as follows for the year ended December 31, 2019:

|      |             |
|------|-------------|
| 2020 | \$ (38,666) |
| 2021 | (85,807)    |
| 2022 | 222,285     |
| 2023 | (296,220)   |
| 2024 | 79,117      |

**NOTE M - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN**

**Plan Description**

The Exeter Township Employees' Pension Plan (Employees' Pension Plan) is a single-employer defined benefit pension plan administered by a trustee. The Employees' Pension Plan provides pension benefits for normal retirement at the age of 62 and completion of five years of service.

**Benefits Provided**

Benefits are calculated based on 1.75% of average monthly pay multiplied by the number of years of service. If a member was a participant prior to December 31, 1995, an additional monthly benefit is payable of \$10 multiplied by the number of years of service as of December 31, 1995. Average monthly pay is based upon the last 36 months of W-2 pay excluding unused vacation, sick, and personal days. The Employees' Pension Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Employees' Pension Plan's assets may be used only for the payment of benefits to the members of the Employees' Pension Plan in accordance with the terms of the Employees' Pension Plan.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE M - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Employees Covered by Benefit Terms**

At December 31, 2019, the following employees were covered by the Employees' Pension Plan:

|  |                  |
|--|------------------|
| Inactive members or beneficiaries currently receiving benefits | 6                |
| Inactive members entitled to but not yet receiving benefits    | 6                |
| Active members   | <u>14</u>        |
|  | <u><u>26</u></u> |

**Contributions**

Pennsylvania Act 205 requires that annual contributions to the Employees' Pension Plan be based upon the Employees' Pension Plan's MMO which is based on the Employees' Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participant contributions are currently suspended. The Township is required to contribute amounts necessary to fund the Employees' Pension Plan using the actuarial basis specified by statute.

**Net Pension Liability (Asset)**

The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability (asset) was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability (asset) of the Township at December 31, 2019, were as follows:

|  |                            |
|--|----------------------------|
| Total pension liability  | \$ 1,871,559               |
| Plan fiduciary net position  | <u>(2,610,276)</u>         |
| <b>NET PENSION ASSET</b>   | <b>\$ <u>(738,717)</u></b> |
| Plan fiduciary net position as a percentage of the total pension asset | <u><u>139.47%</u></u>      |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE M - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                     |
|---------------------------|-------------------------------------|
| Inflation                 | 3.00%                               |
| Salary increases          | 5.00%, average, including inflation |
| Investment rate of return | 7.75%, including inflation          |

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| ASSET CLASS          | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|------------------------------|---|
| Domestic equity      | 51%                          | 5.50 - 7.50%  |
| International equity | 13%                          | 4.50 - 6.50%  |
| Fixed income         | 35%                          | 1.00 - 3.00%  |
| Cash                 | 1%                           | 0.00 - 1.00%  |
|                      | <u>100%</u>                  |   |

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75%. The Employees' 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 the Employees' 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 Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

**Rate of Return** - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 17.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE M - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

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

The following table shows the changes in net pension liability (asset) for the year ended December 31, 2019.

|  | Increase/(Decrease)               |                                       |   |
|--|-----------------------------------|---------------------------------------|---|
|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability (Asset)<br>(a)-(b) |
| BALANCE AT DECEMBER 31, 2018                                   | \$ 1,946,532                      | \$ 1,826,134                          | \$ 120,398                                  |
| Changes for the year   |                                   |                                       |   |
| Service cost   | 71,190                            | -                                     | 71,190                                      |
| Interest cost  | 148,921                           | -                                     | 148,921                                     |
| Changes for experience   | (235,525)                         | -                                     | (235,525)                                   |
| Contributions - employer                                       | -                                 | 501,640                               | (501,640)                                   |
| Net investment income (loss)                                   | -                                 | 348,986                               | (348,986)                                   |
| Benefit payments, including refunds<br>of member contributions | (59,559)                          | (59,559)                              | -   |
| Administrative expense   | -                                 | (6,925)                               | 6,925                                       |
| BALANCE AT DECEMBER 31, 2019                                   | <u>\$ 1,871,559</u>               | <u>\$ 2,610,276</u>                   | <u>\$ (738,717)</u>                         |

**Net Pension Liability (Asset) Sensitivity**

The following presents the net pension liability of the Employees' Pension Plan, calculated using the discount rate of 7.75% as well as what the Employees' Pension Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

|                          | 1% Decrease<br>(6.75%) | Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--------------------------|------------------------|--------------------------|------------------------|
| PLAN'S NET PENSION ASSET | <u>\$ (544,037)</u>    | <u>\$ (738,717)</u>      | <u>\$ (902,936)</u>    |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE M - EXETER TOWNSHIP EMPLOYEES' PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows of Resources Related to Pensions**

For the year ended December 31, 2019, the Township recognized pension expense of \$31,326. The Township has deferred outflows of resources related to the Employees' Pension Plan from the following sources at December 31, 2019:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference between expected and actual experience                                | \$ -  | \$ 427,597                                   |
| Net difference between projected and actual earnings on pension plan investments | <u>-</u>                                      | <u>833</u>                                   |
| Total  | <u>\$ -</u>                                   | <u>\$ 428,430</u>                            |

Actuarially determined deferred outflows of resources related to the Employees' Pension Plan are as follows for the year ended December 31, 2019:

| <u>Year Ending<br/>December 31,</u> |             |
|-------------------------------------|-------------|
| 2020                                | \$ (64,253) |
| 2021                                | (73,907)    |
| 2022                                | (56,932)    |
| 2023                                | (115,578)   |
| 2024                                | (23,552)    |
| Thereafter                          | (94,208)    |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE N - CENTRAL PENNSYLVANIA TEAMSTERS PENSION FUND**

The Township contributes to the Central Pennsylvania Teamsters Pension Fund, a union sponsored, cost-sharing multi-employer retirement plan in accordance with negotiated labor contracts. The plan covers all of the Township's eligible union employees. The plan issues a publicly available financial report available upon request from the Board of Trustees for the Central Pennsylvania Teamsters Defined Benefit Plan.

As of December 31, 2019, 17 employees of the Township are covered under this plan. Contributions to the plan are based on varying rates for hours worked by the employees. Employer contribution rates for 2019 were \$440 per month for each full-time employee, and \$205 per month for each part-time employee working at least 86 hours per month. Teamster employees do not contribute to the plan. Contributions totaled \$83,004 for the year ended December 31, 2019.

The collective bargaining agreement requiring contributions to the plan expired December 31, 2017, with negotiations for a new agreement underway as of year-end. Governmental regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Township has not received information from the plan's administrators to determine its share of unfunded vested benefits. The Township does not anticipate withdrawal from the plan, nor is the Township aware of any expected plan termination.

**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Descriptions**

The Township sponsors a post-employment benefit plan that covers health and life insurance benefits for eligible retirees. Groups of retirees that are eligible for these benefits are police, teamsters, and management. The plan does not issue a publicly available financial report. Benefit provisions are established and amended through negotiations between the Township and the respective union.

**Plan Membership**

At January 1, 2019, plan membership consisted of the following:

|  |             |
|--|-------------|
| Inactive members or beneficiaries currently receiving benefits | 12          |
| Inactive members entitled to but not yet receiving benefits    | -           |
| Active members   | 62          |
|  | <hr/>       |
|  | 74          |
|  | <hr/> <hr/> |

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Funding Policy**

The plan is an unfunded plan with no assets accumulated in a trust. The Township negotiates the contribution percentage between the Township and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township.

**Benefits Provided**

**Police Employees**

*Health Insurance Benefits:*

For employees hired prior to January 1, 2017:

Any employee who shall retire in good standing from Township employment at age 50 or later and with 25 or more years of continuous service shall continue to be enrolled in the health plans. Eligibility for such enrollment shall cease immediately upon the retiree becoming eligible for any other health insurance whether or not such health insurance is equivalent to that provided by the Township. The Township shall pay 100% of the premium cost for the retiree and 75% for the spouse, at the time of retirement, for the most inexpensive plan option that would provide coverage without reducing the benefit package.

When the retiree and spouse reach age 65 and become eligible for the Blue Cross/Blue Shield 65 Plus Plan, the Township shall pay 100% of the premium cost for the retiree and spouse; provided, however, that such payment shall not exceed the current cost of the plan the retiree and spouse were enrolled in prior to age 65.

If the retiree dies and is survived by the covered spouse, the Township shall continue to pay 75% of the spouse's premium until age 65. When the spouse shall become eligible for the Blue Cross/Blue Shield 65 Plus Plan, the Township shall pay 100% of the premium cost for the spouse; provided, however, that such payment shall not exceed the current cost of the plan the spouse was enrolled in prior to age 65. Such coverage shall cease immediately upon the spouse becoming eligible for any other health insurance whether or not such insurance is equivalent to that provided by the Township, or upon the remarriage of the spouse.

Employees hired on or after January 1, 2017 are not eligible for post-retirement health benefits.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

For all employees, the Township agrees to continue employee-only health coverage for any employee with at least 5 years of continuous, active service, who becomes disabled with a non-line of duty condition. The Township shall pay 100% of the premium cost until age 65. When the disabled retiree shall become eligible for the Blue Cross/Blue Shield 65 Plus Plan, the Township shall pay 100% of the premium cost for the retiree; provided however, that such payment shall not exceed the current cost of the plan the retiree was enrolled in prior to age 65. Eligibility for such enrollment shall cease immediately upon the retiree becoming eligible for any other health insurance whether or not such other health insurance is equivalent to that provided by the Township.

*Life Insurance Benefits:*

The Township also provides a \$5,000 life insurance policy at retirement for the life of the retiree, given that the retiree satisfies the retirement eligibility requirements.

**Management Employees**

*Health Insurance Benefits:*

Upon retirement from the Township, the Township shall pay the retiree's premium for medical benefits subject to the following conditions: the coverage shall be for the retiree only; the retiree has no other health insurance coverage available either through another employer or their spouse's employer; any increase in the premium after the retiree has retired shall be paid for by the retiree; and payment for coverage shall cease when the retiree reaches Medicare eligibility.

*Life Insurance Benefits:*

The Township also provides a \$5,000 life insurance policy at retirement for the life of the retiree, given that the retiree satisfies the retirement eligibility requirements.

**Teamsters Employees**

*Health Insurance Benefits:*

The Township agrees to reimburse any employee with at least 20 years of service retiring at age 57 or later from the Township, who qualifies for retiree coverage from the Central Pennsylvania Teamsters Health and Welfare Fund, a reimbursement amount not to exceed \$700 per month. This amount may be applied to any retiree coverage available to the retiree upon presentation to the Township of a paid receipt by the retiree. The Township agrees to this reimbursement policy until the retiree reaches the age of Medicare eligibility. The retiree may still be eligible to continue benefit coverage under a Retired Plan after that time; however, the Township will no longer be responsible for reimbursement of contribution.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2019. Update procedures were then used to roll forward to the Township's fiscal year ending December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

**Salary Increases** - 5% annually.

**Discount Rate** - 3.64% based on the S&P 20 year high grade rate index.

**Healthcare Cost Trend Rate** - Medical costs are assumed to increase by 6.0% during 2018 and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Mortality** - PubS-2010 Generational Mortality with MP-2018 improvement scale

**Disability** - Police based on SOA 1987 Group LTD. No disability assumed for management and teamsters.

**Retirement** - Police at latest of age 55, age at the completion of 30 years of service, or age on valuation date. Management at latest of age 62, age at the completion of 5 years of service, or age on valuation date. Teamsters at latest of age 57, age at the completion of 20 years of service, or age on valuation date.

**Participation** - 100% of police and management employees are assumed to elect coverage. 80% of Teamster employees are assumed to elect coverage upon retirement.

**Marital Status** - 75% of future retirees are assumed to have a spouse participating in coverage.

**Spouse Age** - Female spouses are assumed to be 2 years younger than male spouses.

**Actuarial Cost Method** - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Changes in the Total OPEB Liability**

|  | <u>Total<br/>OPEB<br/>Liability</u> |
|--|-------------------------------------|
| Balance at December 31, 2018                       | \$ 12,239,735                       |
| Changes for the year                               |                                     |
| Service cost                                       | 609,734                             |
| Interest cost                                      | 403,012                             |
| Differences between expected and actual experience | (227,604)                           |
| Changes of assumptions                             | 71,828                              |
| Benefit payments                                   | <u>(177,070)</u>                    |
| Net changes  | <u>679,900</u>                      |
| Balance at December 31, 2019                       | <u>\$ 12,919,635</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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current discount rate:

|                      | <u>1% Decrease<br/>(2.64%)</u> | <u>Discount Rate<br/>(3.64%)</u> | <u>1% Increase<br/>(4.64%)</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ <u>15,346,703</u>           | \$ <u>12,919,635</u>             | \$ <u>11,010,105</u>           |

**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 a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                      | <u>1%<br/>Decrease</u> | <u>Current<br/>Rate</u> | <u>1%<br/>Increase</u> |
|----------------------|------------------------|-------------------------|------------------------|
| Total OPEB liability | \$ <u>10,686,530</u>   | \$ <u>12,919,635</u>    | \$ <u>15,837,158</u>   |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE O - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2019, the Township recognized OPEB expense of \$1,079,391. The Township has deferred outflows of resources from the following sources at December 31, 2019:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience   | \$ -  | \$ 204,844                                   |
| Changes of assumptions                              | 640,196                                       | -  |
| Benefit payments subsequent to the measurement date | <u>205,028</u>                                | <u>-</u>                                     |
| Total   | <u>\$ 845,224</u>                             | <u>\$ 204,844</u>                            |

\$205,028 reported as deferred outflows of resources related to OPEB resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending<br/>December 31,</u> |           |
|-------------------------------------|-----------|
| 2020                                | \$ 66,645 |
| 2021                                | 66,645    |
| 2022                                | 66,645    |
| 2023                                | 66,645    |
| 2024                                | 66,645    |
| Thereafter                          | 102,127   |

**EXETER TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE P - EXETER TOWNSHIP TAX INCREMENT FINANCING DISTRICT**

In March 2008, the Township, along with the County of Berks and the Exeter Township School District, entered into a Cooperation Agreement with the Berks County Industrial Development Authority (the Authority). The Authority has prepared a Tax Increment Financing (TIF) Plan referred to as the Exeter Township TIF District. The agreement sets forth the terms by which Tax Increment Revenues shall be raised from the Exeter Township TIF District and the means of financing.

Under the terms of this agreement, the taxing bodies (the Township, the County of Berks, and the Exeter Township School District) will remit their respective share of the positive real estate tax increments to the Authority. The Authority will deposit these funds into the Tax Increment Fund established for this project and use these funds for repayment of debt service incurred in connection with the project. The Exeter Township TIF District began on December 1, 2007 and has a term of 20 years.

In 2019, the Township remitted \$112,750 to the Authority. This amount represents less than 2% of total real estate taxes collected by the Township.

At December 31, 2019, the outstanding balance was \$3,391,000. The Township has guaranteed the Series of 2008 Tax Incremental Financing Revenue Note issued by the Authority.

**NOTE Q - READING COUNTRY CLUB**

Beginning with 2009, the following amounts were expended by the Township General Fund for public works projects and supplies for the benefit of the Reading Country Club:

|      |                   |
|------|-------------------|
| 2009 | \$ 45,839         |
| 2010 | 64,855            |
| 2011 | 103,244           |
| 2012 | 110,448           |
| 2013 | 37,111            |
| 2014 | 67,581            |
| 2015 | 39,905            |
| 2016 | 38,193            |
| 2017 | 72,788            |
| 2018 | 5,167             |
| 2019 | 16,598            |
|      | <u>\$ 601,729</u> |

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE R - COMMITMENTS AND CONTINGENCIES**

**Contingencies**

***Litigation***

The Township is a defendant in lawsuits that have been referred to lawyers who represent the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

***Concentration of Labor***

The Township entered into a collective bargaining agreement with the Police Officers Association effective January 1, 2017 through December 31, 2032. The Township also entered into a collective bargaining agreement with the nonuniform employees, effective January 1, 2015 through December 31, 2017, which was still in effect as of December 31, 2019. Of the Township's total workforce, 39% is covered by the agreement with the police officers and 46% is covered by the agreement with the nonuniform employees.

**NOTE S - PRIOR PERIOD RESTATEMENT**

The Township implemented GASB Statement No. 84, Fiduciary Activities. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For the fiduciary fund custodial activities, the Township has treated the beginning of year net position of \$19,801 as having been recognized in the period incurred. The Township has adjusted beginning net position for their fiduciary activities from \$0 to \$19,801.

As of January 1, 2019, the Township has begun to report capital assets and capital asset activity, based on an asset appraisal that was performed. For governmental activities reported on the government-wide financial statements, the Township has treated beginning of year capital assets of \$9,084,053 as having been recognized in the period incurred. The Township has adjusted beginning net position for governmental activities from (\$20,678,531) to (\$11,594,478). For the sewer fund reported on the proprietary fund financial statements, the Township has treated beginning of year capital assets of \$7,079,795 as having been recognized in the period incurred. The Township has adjusted beginning net position for the sewer fund from (\$11,554,355) to (\$4,474,560). For the country club fund reported on the proprietary fund financial statements, the Township has treated beginning of year capital assets of \$9,765,791 as having been recognized in the period incurred. The Township has adjusted beginning net position for the country club fund from (\$774,673) to \$8,991,118. For business-type activities reported on the government-wide financial statements which represents the combined activity of the sewer and country club funds, the Township has treated beginning of year capital assets of \$16,845,586 as having been recognized in the period incurred. The Township has adjusted beginning net position for business-type activities from (\$12,329,028) to \$4,516,558.

**EXETER TOWNSHIP**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

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**NOTE T - SUBSEQUENT EVENTS**

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of Township operations including tax collections and the collection of water and country club charges. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. Overall, decreased funding could result in the Township having to curtail or eliminate some non-essential services and furlough employees. Due to the pandemic, the financial markets have experienced significant market decline since the beginning of the year. These losses, if not regained, will have a significant detrimental impact on the value of the investments held by the Township's pension plans. Decreases in the value of investments held by the Plans may result in a significant impact on the pension liabilities and related deferred inflows and outflows related to the pension plans. At this point, the extent to which COVID-19 will impact our financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EXETER TOWNSHIP**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

|   | 2019                         | 2018                        | 2017                        | 2016                        | 2015                        |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>TOTAL PENSION LIABILITY</b>  |                              |                             |                             |                             |                             |
| Service cost  | \$ 483,532                   | \$ 413,002                  | \$ 393,335                  | \$ 434,661                  | \$ 413,963                  |
| Interest  | 1,730,482                    | 1,404,857                   | 1,399,522                   | 1,340,840                   | 1,240,342                   |
| Changes for experience  | 474,707                      | -                           | (352,605)                   | -                           | -                           |
| Benefit payments, including refunds of member contributions                                 | (724,021)                    | (634,478)                   | (351,298)                   | (350,500)                   | (590,938)                   |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>  | <b>1,964,700</b>             | <b>1,183,381</b>            | <b>1,088,954</b>            | <b>1,425,001</b>            | <b>1,063,367</b>            |
| Total pension liability, beginning  | <u>20,247,389</u>            | <u>19,064,008</u>           | <u>17,975,054</u>           | <u>16,550,053</u>           | <u>15,486,686</u>           |
| <b>TOTAL PENSION LIABILITY, ENDING</b>  | <b>\$ <u>22,212,089</u></b>  | <b>\$ <u>20,247,389</u></b> | <b>\$ <u>19,064,008</u></b> | <b>\$ <u>17,975,054</u></b> | <b>\$ <u>16,550,053</u></b> |
| <b>PLAN FIDUCIARY NET POSITION</b>  |                              |                             |                             |                             |                             |
| Contributions - employer  | \$ 10,038,150                | \$ 437,493                  | \$ 473,035                  | \$ 485,992                  | \$ 577,080                  |
| Contributions - member  | 236,577                      | 235,006                     | 205,799                     | 185,978                     | 187,619                     |
| Net investment income   | 3,692,306                    | (1,073,649)                 | 2,493,400                   | 966,854                     | 42,786                      |
| Benefit payments, including refunds of member contributions                                 | (724,021)                    | (634,478)                   | (351,298)                   | (350,500)                   | (590,938)                   |
| Administrative expense  | (8,450)                      | (13,524)                    | (6,375)                     | (1,800)                     | (5,750)                     |
| <b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>  | <b>13,234,562</b>            | <b>(1,049,152)</b>          | <b>2,814,561</b>            | <b>1,286,524</b>            | <b>210,797</b>              |
| Plan net position, beginning  | <u>17,924,125</u>            | <u>18,973,277</u>           | <u>16,158,716</u>           | <u>14,872,192</u>           | <u>14,661,395</u>           |
| <b>PLAN NET POSITION, ENDING</b>  | <b>\$ <u>31,158,687</u></b>  | <b>\$ <u>17,924,125</u></b> | <b>\$ <u>18,973,277</u></b> | <b>\$ <u>16,158,716</u></b> | <b>\$ <u>14,872,192</u></b> |
| <b>TOWNSHIP'S NET PENSION LIABILITY (ASSET)</b>   | <b>\$ <u>(8,946,598)</u></b> | <b>\$ <u>2,323,264</u></b>  | <b>\$ <u>90,731</u></b>     | <b>\$ <u>1,816,338</u></b>  | <b>\$ <u>1,677,861</u></b>  |
| <b>PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (ASSET)</b>             | <b><u>140.3%</u></b>         | <b><u>88.5%</u></b>         | <b><u>99.5%</u></b>         | <b><u>89.9%</u></b>         | <b><u>89.9%</u></b>         |
| <b>COVERED EMPLOYEE PAYROLL</b>   | <b>\$ <u>3,130,499</u></b>   | <b>\$ <u>2,991,353</u></b>  | <b>\$ <u>2,767,887</u></b>  | <b>\$ <u>2,491,272</u></b>  | <b>\$ <u>2,510,781</u></b>  |
| <b>TOWNSHIP'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b> | <b><u>-285.8%</u></b>        | <b><u>77.7%</u></b>         | <b><u>3.3%</u></b>          | <b><u>72.9%</u></b>         | <b><u>66.8%</u></b>         |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - EMPLOYEES' PENSION PLAN**  
**LAST TEN FISCAL YEARS\***

|   | 2019                | 2018                | 2017                | 2016                | 2015                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>TOTAL PENSION LIABILITY</b>  |                     |                     |                     |                     |                     |
| Service cost  | \$ 71,190           | \$ 53,717           | \$ 51,159           | \$ 49,007           | \$ 46,673           |
| Interest  | 148,921             | 129,303             | 139,877             | 148,916             | 137,586             |
| Changes for experience  | (235,525)           | -                   | (377,346)           | -                   | -                   |
| Benefit payments, including refunds of member contributions                                 | (59,559)            | (103,073)           | (19,370)            | (25,696)            | (25,698)            |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>  | <b>(74,973)</b>     | <b>79,947</b>       | <b>(205,680)</b>    | <b>172,227</b>      | <b>158,561</b>      |
| Total pension liability, beginning  | 1,946,532           | 1,866,585           | 2,072,265           | 1,900,040           | 1,741,479           |
| <b>TOTAL PENSION LIABILITY, ENDING</b>  | <b>\$ 1,871,559</b> | <b>\$ 1,946,532</b> | <b>\$ 1,866,585</b> | <b>\$ 2,072,267</b> | <b>\$ 1,900,040</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>  |                     |                     |                     |                     |                     |
| Contributions - employer  | \$ 501,640          | \$ 112,900          | \$ 100,870          | \$ 114,937          | \$ 124,753          |
| Net investment income (loss)  | 348,986             | (141,021)           | 217,079             | 72,077              | (19,771)            |
| Benefit payments, including refunds of member contributions                                 | (59,559)            | (103,073)           | (19,370)            | (25,698)            | (25,698)            |
| Administrative expense  | (6,925)             | (3,501)             | (5,849)             | (3,250)             | (4,150)             |
| <b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>  | <b>784,142</b>      | <b>(134,695)</b>    | <b>292,730</b>      | <b>158,066</b>      | <b>75,134</b>       |
| Plan net position, beginning  | 1,826,134           | 1,960,829           | 1,668,099           | 1,510,034           | 1,434,900           |
| <b>PLAN NET POSITION, ENDING</b>  | <b>\$ 2,610,276</b> | <b>\$ 1,826,134</b> | <b>\$ 1,960,829</b> | <b>\$ 1,668,100</b> | <b>\$ 1,510,034</b> |
| <b>TOWNSHIP'S NET PENSION LIABILITY (ASSET)</b>   | <b>\$ (738,717)</b> | <b>\$ 120,398</b>   | <b>\$ (94,244)</b>  | <b>\$ 404,167</b>   | <b>\$ 390,006</b>   |
| <b>PLAN NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (ASSET)</b>             | <b>139.5%</b>       | <b>93.8%</b>        | <b>105.0%</b>       | <b>80.5%</b>        | <b>79.5%</b>        |
| <b>COVERED EMPLOYEE PAYROLL</b>   | <b>\$ 841,116</b>   | <b>\$ 550,125</b>   | <b>\$ 506,325</b>   | <b>\$ 431,842</b>   | <b>\$ 484,984</b>   |
| <b>TOWNSHIP'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b> | <b>-87.8%</b>       | <b>21.9%</b>        | <b>-18.6%</b>       | <b>93.6%</b>        | <b>80.4%</b>        |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION CONTRIBUTIONS -**  
**POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS**

| <u>Years</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Contributions<br/>From<br/>Employer</u> | <u>Contribution<br/>Deficiency/<br/>(Excess)</u> | <u>Covered<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Payroll</u> |
|--------------|--|--|--|---|--|
| 2010         | \$ 268,564   | \$ 268,564                                 | \$ -   |   |  |
| 2011         | 447,195  | 447,195                                    | -  |   |  |
| 2012         | 387,491  | 387,491                                    | -  |   |  |
| 2013         | 424,764  | 424,764                                    | -  |   |  |
| 2014         | 456,349  | 456,349                                    | -  |   |  |
| 2015         | 577,080  | 577,080                                    | -  | \$ 2,510,781                            | 22.98%   |
| 2016         | 485,992  | 485,992                                    | -  | 2,491,272                               | 19.51%   |
| 2017         | 473,035  | 473,035                                    | -  | 2,767,887                               | 17.09%   |
| 2018         | 437,493  | 437,493                                    | -  | 2,991,353                               | 14.63%   |
| 2019         | 462,275  | 10,038,150                                 | (9,575,875)                                      | 3,130,499                               | 320.66%  |

Valuation date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

|                               |  |
|-------------------------------|--|
| Actuarial valuation date      | 1/1/2017   |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar closed  |
| Remaining amortization period | 6 years  |
| Asset valuation method        | Smoothed value with a corridor of 80% to 120% of market value.               |
| Inflation                     | 3.00%  |
| Salary increases              | 5.00%  |
| Investment rate of return     | 8.00%  |
| Retirement age                | Normal retirement age  |
| Mortality                     | RP-2000 Table. This table does not include projected mortality improvements. |

Changes in benefit terms: None since January 1, 2017.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION CONTRIBUTIONS -**  
**EMPLOYEES' PENSION PLAN**  
**LAST TEN FISCAL YEARS**

| <u>Years</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Contributions<br/>From<br/>Employer</u> | <u>Contribution<br/>Deficiency/<br/>(Excess)</u> | <u>Covered<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Payroll</u> |
|--------------|--|--|--|---|--|
| 2010         | \$ 102,880   | \$ 102,880                                 | \$ -   |   |  |
| 2011         | 107,469  | 107,469                                    | -  |   |  |
| 2012         | 93,998   | 93,998                                     | -  |   |  |
| 2013         | 99,466   | 99,466                                     | -  |   |  |
| 2014         | 115,181  | 115,181                                    | -  |   |  |
| 2015         | 124,753  | 124,753                                    | -  | \$ 484,984                              | 25.72%   |
| 2016         | 114,937  | 114,937                                    | -  | 431,842                                 | 26.62%   |
| 2017         | 100,870  | 100,870                                    | -  | 506,325                                 | 19.92%   |
| 2018         | 112,900  | 112,900                                    | -  | 550,125                                 | 20.52%   |
| 2019         | 65,774   | 501,640                                    | (435,866)  | 841,116                                 | 59.64%   |

Valuation date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

|                               |  |
|-------------------------------|--|
| Actuarial valuation date      | 1/1/2017   |
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level dollar closed  |
| Remaining amortization period | n/a years  |
| Asset valuation method        | Smoothed value with a corridor of 80% to 120% of market value.               |
| Inflation                     | 3.00%  |
| Salary increases              | 5.00%  |
| Investment rate of return     | 7.75%  |
| Retirement age                | Normal retirement age  |
| Mortality                     | RP-2000 Table. This table does not include projected mortality improvements. |

Changes in benefit terms: None since January 1, 2017.

**EXETER TOWNSHIP**

SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -  
POLICE PENSION PLAN  
LAST TEN FISCAL YEARS\*

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|   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>  | <u>2015</u>  |
|---|---------------|---------------|---------------|--------------|--------------|
| Annual money-weighted rate of return, net of investment expense | <u>21.23%</u> | <u>-5.29%</u> | <u>16.63%</u> | <u>6.61%</u> | <u>0.98%</u> |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**EXETER TOWNSHIP**

SCHEDULE OF PENSION PLAN INVESTMENT RETURNS -  
EMPLOYEES' PENSION PLAN  
LAST TEN FISCAL YEARS\*

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|   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>  | <u>2015</u>   |
|---|---------------|---------------|---------------|--------------|---------------|
| Annual money-weighted rate of return, net of investment expense | <u>17.35%</u> | <u>-6.74%</u> | <u>12.87%</u> | <u>5.38%</u> | <u>-0.30%</u> |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**EXETER TOWNSHIP**  
**SCHEDULE OF PENSION PLAN CONTRIBUTIONS -**  
**CENTRAL PENNSYLVANIA TEAMSTERS PENSION FUND**  
**LAST TEN FISCAL YEARS\***

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|                        | <u>2019</u>      | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       |
|------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Township contributions | \$ <u>83,004</u> | \$ <u>148,685</u> | \$ <u>188,455</u> | \$ <u>190,920</u> | \$ <u>181,440</u> |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

## EXETER TOWNSHIP

### SCHEDULE OF CHANGES IN THE TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS\*

|  | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|
| TOTAL OPEB LIABILITY   |                      |                      |
| Service cost   | \$ 609,734           | \$ 508,658           |
| Interest   | 403,012              | 413,884              |
| Differences between expected and actual experience                             | (227,604)            | -                    |
| Changes of assumptions   | 71,828               | 739,995              |
| Benefit payments, including refunds of member contributions                    | <u>(177,070)</u>     | <u>(152,859)</u>     |
| NET CHANGE IN TOTAL OPEB LIABILITY   | 679,900              | 1,509,678            |
| Total OPEB liability, beginning  | <u>12,239,735</u>    | <u>10,730,057</u>    |
| TOTAL OPEB LIABILITY, ENDING   | <u>\$ 12,919,635</u> | <u>\$ 12,239,735</u> |
| COVERED EMPLOYEE PAYROLL   | <u>\$ 5,487,437</u>  | <u>\$ 5,830,243</u>  |
| TOWNSHIP'S TOTAL OPEB LIABILITY AS A<br>PERCENTAGE OF COVERED EMPLOYEE PAYROLL | <u>235.4%</u>        | <u>209.9%</u>        |

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

#### NOTE TO SCHEDULE

Changes of assumptions: In 2019 the discount rate changed from 3.16% to 3.64%, the mortality table was changed from IRS 2017 Static Combined Table for Small Plans to PubS-2010 with MP 2018 improvement scale, and the election percentage for Teamsters was lowered from 100% to 80%. In 2018 the discount rate changed from 3.71% to 3.16%. The trend assumption was updated.

**EXETER TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

|   | Budgeted Amounts   |                    | Actual<br>Amounts   | Variance with<br>Final Budget |
|---|--------------------|--------------------|---------------------|-------------------------------|
|   | Original           | Final              |                     |                               |
| <b>REVENUES</b>                                     |                    |                    |                     |                               |
| Taxes   |                    |                    |                     |                               |
| Real estate   | \$ 2,930,406       | \$ 2,930,406       | \$ 2,918,757        | \$ (11,649)                   |
| Real estate transfer                                | 425,000            | 425,000            | 639,282             | 214,282                       |
| Per capita  | 73,000             | 73,000             | 63,632              | (9,368)                       |
| Earned income                                       | 3,994,000          | 3,994,000          | 3,846,001           | (147,999)                     |
| Local services                                      | 330,000            | 330,000            | 414,661             | 84,661                        |
| Business privilege                                  | 780,000            | 780,000            | 664,698             | (115,302)                     |
| Licenses and permits                                | 373,500            | 373,500            | 377,698             | 4,198                         |
| Fines and forfeits                                  | 129,500            | 129,500            | 137,137             | 7,637                         |
| Interest and rents                                  | 47,362             | 47,362             | 31,695              | (15,667)                      |
| Intergovernmental revenues                          | 650,000            | 650,000            | 1,009,006           | 359,006                       |
| Charges for services                                | 1,115,172          | 1,115,172          | 1,386,466           | 271,294                       |
| Miscellaneous                                       | 48,800             | 48,800             | 230,153             | 181,353                       |
| <b>TOTAL REVENUES</b>                               | <u>10,896,740</u>  | <u>10,896,740</u>  | <u>11,719,186</u>   | <u>822,446</u>                |
| <b>EXPENDITURES</b>                                 |                    |                    |                     |                               |
| Current   |                    |                    |                     |                               |
| General government                                  | 1,670,644          | 1,670,644          | 1,732,250           | (61,606)                      |
| Public safety                                       | 6,952,846          | 6,952,846          | 7,461,834           | (508,988)                     |
| Public works, sanitation                            | 230,000            | 230,000            | 232,650             | (2,650)                       |
| Public works, highways and streets                  | 1,609,656          | 1,609,656          | 1,615,294           | (5,638)                       |
| Culture and recreation                              | 809,186            | 809,186            | 696,177             | 113,009                       |
| Community development                               | 97,619             | 97,619             | 81,362              | 16,257                        |
| Debt service  |                    |                    |                     |                               |
| Principal   | 323,648            | 323,648            | 323,648             | -                             |
| Interest  | 32,086             | 32,086             | 34,498              | (2,412)                       |
| Insurance   | 240,312            | 240,312            | 254,827             | (14,515)                      |
| <b>TOTAL EXPENDITURES</b>                           | <u>11,965,997</u>  | <u>11,965,997</u>  | <u>12,432,540</u>   | <u>(466,543)</u>              |
| <b>DEFICIENCY OF REVENUES<br/>OVER EXPENDITURES</b> |                    |                    |                     |                               |
|   | <u>(1,069,257)</u> | <u>(1,069,257)</u> | <u>(713,354)</u>    | <u>355,903</u>                |
| <b>OTHER FINANCING SOURCES</b>                      |                    |                    |                     |                               |
| Transfers in  | 1,750,000          | 1,750,000          | 3,911,752           | 2,161,752                     |
| Proceeds from disposal of assets                    | -                  | -                  | 52,202              | 52,202                        |
| <b>TOTAL OTHER FINANCING<br/>SOURCES</b>            | <u>1,750,000</u>   | <u>1,750,000</u>   | <u>3,963,954</u>    | <u>2,213,954</u>              |
| <b>NET CHANGE IN FUND<br/>BALANCE</b>               |                    |                    |                     |                               |
|   | <u>\$ 680,743</u>  | <u>\$ 680,743</u>  | 3,250,600           | <u>\$ 2,569,857</u>           |
| <b>FUND BALANCE AT BEGINNING OF YEAR</b>            |                    |                    | <u>1,213,288</u>    |                               |
| <b>FUND BALANCE AT END OF<br/>YEAR</b>              |                    |                    | <u>\$ 4,463,888</u> |                               |

# **EXETER TOWNSHIP**

## **NOTE TO BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED DECEMBER 31, 2019**

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### **NOTE A - BUDGET MATTERS**

The Board of Supervisors annually adopts the budget for the General, Utility, Fire, Park Improvement, State Liquid Fuels Highway Aid, Capital Expenditure, Capital Improvement, Golf Acquisition, Apparatus, Traffic Improvement, Debt Service, Sewer, and Country Club Funds. Budgetary control is legally maintained at the fund level.

The Second Class Township Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

## **SUPPLEMENTARY INFORMATION SECTION**

**EXETER TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

|   | Special Revenue Funds |                   |   |                  |                     |                     |                             |                                      |
|---|-----------------------|-------------------|---|------------------|---------------------|---------------------|-----------------------------|--------------------------------------|
|   | Utility               | Fire Protection   | Detention Pond/<br>Storm Water<br>Maintenance | K-9<br>Program   | Park<br>Improvement | Exeter<br>Promenade | DEA<br>Equitable<br>Sharing | State Liquid<br>Fuels Highway<br>Aid |
| <b>ASSETS</b>   |                       |                   |   |                  |                     |                     |                             |                                      |
| Cash, unrestricted  | \$ 14,080             | \$ 130,165        | \$ 92,645                                     | \$ -             | \$ 1,284,472        | \$ 17,560           | \$ -                        | \$ -                                 |
| Cash, restricted  | -                     | -                 | -   | 15,650           | -                   | -                   | 6,672                       | 76,115                               |
| Accounts receivable   | -                     | -                 | -   | -                | -                   | 3,366               | -                           | -                                    |
| Taxes receivable  | 7,924                 | 33,944            | -   | -                | -                   | -                   | -                           | -                                    |
| <b>TOTAL ASSETS</b>   | <b>\$ 22,004</b>      | <b>\$ 164,109</b> | <b>\$ 92,645</b>                              | <b>\$ 15,650</b> | <b>\$ 1,284,472</b> | <b>\$ 20,926</b>    | <b>\$ 6,672</b>             | <b>\$ 76,115</b>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>                   |                       |                   |   |                  |                     |                     |                             |                                      |
| <b>LIABILITIES</b>  |                       |                   |   |                  |                     |                     |                             |                                      |
| Accounts payable  | \$ 15,283             | \$ 3,086          | \$ -  | \$ 1,645         | \$ -                | \$ -                | \$ -                        | \$ 1,870                             |
| Due to other funds  | 5,000                 | -                 | -   | -                | -                   | -                   | -                           | -                                    |
| <b>TOTAL LIABILITIES</b>  | <b>20,283</b>         | <b>3,086</b>      | <b>-</b>                                      | <b>1,645</b>     | <b>-</b>            | <b>-</b>            | <b>-</b>                    | <b>1,870</b>                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                       |                   |   |                  |                     |                     |                             |                                      |
| Unavailable revenue,<br>property taxes  | 5,743                 | 24,730            | -   | -                | -                   | -                   | -                           | -                                    |
| <b>FUND BALANCES</b>  |                       |                   |   |                  |                     |                     |                             |                                      |
| Restricted  | -                     | -                 | -   | 14,005           | -                   | -                   | 6,672                       | 74,245                               |
| Committed   | -                     | 136,293           | 92,645  | -                | 1,284,472           | -                   | -                           | -                                    |
| Assigned  | -                     | -                 | -   | -                | -                   | 20,926              | -                           | -                                    |
| Unassigned  | (4,022)               | -                 | -   | -                | -                   | -                   | -                           | -                                    |
| <b>TOTAL FUND BALANCES</b>  | <b>(4,022)</b>        | <b>136,293</b>    | <b>92,645</b>                                 | <b>14,005</b>    | <b>1,284,472</b>    | <b>20,926</b>       | <b>6,672</b>                | <b>74,245</b>                        |
| <b>TOTAL LIABILITIES,<br/>DEFERRED INFLOWS<br/>OF RESOURCES AND<br/>FUND BALANCES</b> | <b>\$ 22,004</b>      | <b>\$ 164,109</b> | <b>\$ 92,645</b>                              | <b>\$ 15,650</b> | <b>\$ 1,284,472</b> | <b>\$ 20,926</b>    | <b>\$ 6,672</b>             | <b>\$ 76,115</b>                     |

| Capital Project Funds |                           |                     |                     |                     |                     |                   |                                |
|-----------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|--------------------------------|
| Capital Expenditure   | GOB 2009 Capital Projects | Capital Improvement | Equipment           | Apparatus           | Traffic Improvement | Debt Service Fund | Total Other Governmental Funds |
| \$ 348,171            | \$ -                      | \$ -                | \$ 5,000,000        | \$ 1,296,449        | \$ -                | \$ -              | \$ 8,183,542                   |
| -                     | 158                       | 4,212,240           | -                   | -                   | 36,897              | 844,677           | 5,192,409                      |
| -                     | -                         | -                   | -                   | -                   | -                   | -                 | 3,366                          |
| -                     | -                         | -                   | -                   | -                   | -                   | 40,360            | 82,228                         |
| <u>\$ 348,171</u>     | <u>\$ 158</u>             | <u>\$ 4,212,240</u> | <u>\$ 5,000,000</u> | <u>\$ 1,296,449</u> | <u>\$ 36,897</u>    | <u>\$ 885,037</u> | <u>\$ 13,461,545</u>           |
| \$ -                  | \$ -                      | \$ -                | \$ -                | \$ -                | \$ -                | \$ 377            | \$ 22,261                      |
| -                     | -                         | -                   | -                   | -                   | -                   | -                 | 5,000                          |
| -                     | -                         | -                   | -                   | -                   | -                   | 377               | 27,261                         |
| -                     | -                         | -                   | -                   | -                   | -                   | 29,418            | 59,891                         |
| -                     | 158                       | 4,212,240           | -                   | -                   | 36,897              | 855,242           | 5,199,459                      |
| 348,171               | -                         | -                   | -                   | 1,296,449           | -                   | -                 | 3,158,030                      |
| -                     | -                         | -                   | 5,000,000           | -                   | -                   | -                 | 5,020,926                      |
| -                     | -                         | -                   | -                   | -                   | -                   | -                 | (4,022)                        |
| <u>348,171</u>        | <u>158</u>                | <u>4,212,240</u>    | <u>5,000,000</u>    | <u>1,296,449</u>    | <u>36,897</u>       | <u>855,242</u>    | <u>13,374,393</u>              |
| <u>\$ 348,171</u>     | <u>\$ 158</u>             | <u>\$ 4,212,240</u> | <u>\$ 5,000,000</u> | <u>\$ 1,296,449</u> | <u>\$ 36,897</u>    | <u>\$ 885,037</u> | <u>\$ 13,461,545</u>           |

**EXETER TOWNSHIP**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | Special Revenue Funds |                   |   |                  |                     |                     |                             |   |
|--|-----------------------|-------------------|---|------------------|---------------------|---------------------|-----------------------------|---|
|  | Utility               | Fire Protection   | Detention Pond/<br>Storm Water<br>Maintenance | K-9<br>Program   | Park<br>Improvement | Exeter<br>Promenade | DEA<br>Equitable<br>Sharing | State<br>Liquid Fuels<br>Highway<br>Aid |
| <b>REVENUES</b>  |                       |                   |   |                  |                     |                     |                             |   |
| Taxes, real estate   | \$ 211,115            | \$ 790,787        | \$ -  | \$ -             | \$ -                | \$ -                | \$ -                        | \$ -                                    |
| Licenses and permits   | -                     | -                 | -   | -                | -                   | -                   | -                           | -                                       |
| Interest and rents   | 1,148                 | 8,481             | 1,964   | 335              | 629                 | 30,114              | 14                          | 3,148                                   |
| Intergovernmental revenues                                       | -                     | -                 | -   | -                | -                   | -                   | 6,658                       | 904,718                                 |
| Miscellaneous  | -                     | -                 | 1,176   | 9,916            | 5,000               | -                   | -                           | -                                       |
| <b>TOTAL REVENUES</b>  | <b>212,263</b>        | <b>799,268</b>    | <b>3,140</b>                                  | <b>10,251</b>    | <b>5,629</b>        | <b>30,114</b>       | <b>6,672</b>                | <b>907,866</b>                          |
| <b>EXPENDITURES</b>  |                       |                   |   |                  |                     |                     |                             |   |
| Current  |                       |                   |   |                  |                     |                     |                             |   |
| General government   | -                     | -                 | -   | -                | -                   | 9,188               | -                           | -                                       |
| Public safety  | 103,122               | 551,024           | -   | 11,933           | -                   | -                   | -                           | -                                       |
| Public works - highway<br>and streets                            | 104,526               | -                 | -   | -                | -                   | -                   | -                           | 874,122                                 |
| Culture and recreation   | -                     | -                 | -   | -                | -                   | -                   | -                           | -                                       |
| Community development  | 3,414                 | -                 | -   | -                | -                   | -                   | -                           | -                                       |
| Debt service   |                       |                   |   |                  |                     |                     |                             |   |
| Principal  | -                     | 22,245            | -   | -                | -                   | -                   | -                           | 99,455                                  |
| Interest   | -                     | -                 | -   | -                | -                   | -                   | -                           | 9,886                                   |
| Miscellaneous  | -                     | -                 | -   | -                | -                   | -                   | -                           | -                                       |
| <b>TOTAL EXPENDITURES</b>  | <b>211,062</b>        | <b>573,269</b>    | <b>-</b>                                      | <b>11,933</b>    | <b>-</b>            | <b>9,188</b>        | <b>-</b>                    | <b>983,463</b>                          |
| <b>EXCESS (DEFICIENCY)<br/>OF REVENUES OVER<br/>EXPENDITURES</b> |                       |                   |   |                  |                     |                     |                             |   |
|  | <b>1,201</b>          | <b>225,999</b>    | <b>3,140</b>                                  | <b>(1,682)</b>   | <b>5,629</b>        | <b>20,926</b>       | <b>6,672</b>                | <b>(75,597)</b>                         |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>                        |                       |                   |   |                  |                     |                     |                             |   |
| Transfers in   | -                     | -                 | -   | -                | 1,250,000           | -                   | -                           | -                                       |
| Transfers out  | -                     | (159,883)         | -   | -                | -                   | -                   | -                           | -                                       |
| Proceeds from disposal of assets                                 | -                     | -                 | -   | -                | -                   | -                   | -                           | -                                       |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>                  | <b>-</b>              | <b>(159,883)</b>  | <b>-</b>                                      | <b>-</b>         | <b>1,250,000</b>    | <b>-</b>            | <b>-</b>                    | <b>-</b>                                |
| <b>NET CHANGE IN FUND<br/>BALANCES</b>                           |                       |                   |   |                  |                     |                     |                             |   |
|  | <b>1,201</b>          | <b>66,116</b>     | <b>3,140</b>                                  | <b>(1,682)</b>   | <b>1,255,629</b>    | <b>20,926</b>       | <b>6,672</b>                | <b>(75,597)</b>                         |
| <b>FUND BALANCES AT BEGINNING<br/>OF YEAR</b>                    |                       |                   |   |                  |                     |                     |                             |   |
|  | <b>(5,223)</b>        | <b>70,177</b>     | <b>89,505</b>                                 | <b>15,687</b>    | <b>28,843</b>       | <b>-</b>            | <b>-</b>                    | <b>149,842</b>                          |
| <b>FUND BALANCES AT<br/>END OF YEAR</b>                          |                       |                   |   |                  |                     |                     |                             |   |
|  | <b>\$ (4,022)</b>     | <b>\$ 136,293</b> | <b>\$ 92,645</b>                              | <b>\$ 14,005</b> | <b>\$ 1,284,472</b> | <b>\$ 20,926</b>    | <b>\$ 6,672</b>             | <b>\$ 74,245</b>                        |

Capital Project Funds

| Capital<br>Expenditure | GOB 2009<br>Capital<br>Projects | Capital<br>Improvement | Equipment           | Apparatus           | Traffic<br>Improvement | Debt<br>Service<br>Fund | Total Other<br>Governmental<br>Funds |
|------------------------|---------------------------------|------------------------|---------------------|---------------------|------------------------|-------------------------|--------------------------------------|
| \$ -                   | \$ -                            | \$ -                   | \$ -                | \$ -                | \$ -                   | \$ 941,542              | \$ 1,943,444                         |
| -                      | -                               | 222,222                | -                   | -                   | -                      | -                       | 222,222                              |
| 53,511                 | -                               | 215,202                | -                   | 9,121               | 789                    | 17,979                  | 342,435                              |
| -                      | -                               | -                      | -                   | -                   | -                      | -                       | 911,376                              |
| -                      | -                               | -                      | -                   | -                   | -                      | -                       | 16,092                               |
| <u>53,511</u>          | <u>-</u>                        | <u>437,424</u>         | <u>-</u>            | <u>9,121</u>        | <u>789</u>             | <u>959,521</u>          | <u>3,435,569</u>                     |
| -                      | -                               | 2,597,591              | -                   | -                   | -                      | -                       | 2,606,779                            |
| -                      | -                               | 393,179                | -                   | 825,761             | -                      | -                       | 1,885,019                            |
| -                      | -                               | 289,213                | -                   | -                   | -                      | -                       | 1,267,861                            |
| -                      | -                               | 79,767                 | -                   | -                   | -                      | -                       | 79,767                               |
| 1,385                  | -                               | -                      | -                   | -                   | -                      | 27,974                  | 32,773                               |
| 41,918                 | -                               | -                      | -                   | -                   | -                      | 271,000                 | 434,618                              |
| -                      | -                               | -                      | -                   | -                   | -                      | 622,799                 | 632,685                              |
| -                      | -                               | -                      | -                   | -                   | -                      | 6,761                   | 6,761                                |
| <u>43,303</u>          | <u>-</u>                        | <u>3,359,750</u>       | <u>-</u>            | <u>825,761</u>      | <u>-</u>               | <u>928,534</u>          | <u>6,946,263</u>                     |
| <u>10,208</u>          | <u>-</u>                        | <u>(2,922,326)</u>     | <u>-</u>            | <u>(816,640)</u>    | <u>789</u>             | <u>30,987</u>           | <u>(3,510,694)</u>                   |
| -                      | -                               | -                      | 5,000,000           | 1,159,883           | -                      | -                       | 7,409,883                            |
| -                      | -                               | -                      | -                   | -                   | -                      | -                       | (159,883)                            |
| -                      | -                               | -                      | -                   | 500,000             | -                      | -                       | 500,000                              |
| -                      | -                               | -                      | 5,000,000           | 1,659,883           | -                      | -                       | 7,750,000                            |
| 10,208                 | -                               | (2,922,326)            | 5,000,000           | 843,243             | 789                    | 30,987                  | 4,239,306                            |
| <u>337,963</u>         | <u>158</u>                      | <u>7,134,566</u>       | <u>-</u>            | <u>453,206</u>      | <u>36,108</u>          | <u>824,255</u>          | <u>9,135,087</u>                     |
| <u>\$ 348,171</u>      | <u>\$ 158</u>                   | <u>\$ 4,212,240</u>    | <u>\$ 5,000,000</u> | <u>\$ 1,296,449</u> | <u>\$ 36,897</u>       | <u>\$ 855,242</u>       | <u>\$ 13,374,393</u>                 |

**EXETER TOWNSHIP**  
**COMBINING STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|   | Pension Trust Funds  |                         |                           |
|---|----------------------|-------------------------|---------------------------|
|   | Police Pension Fund  | Employees' Pension Fund | Total Pension Trust Funds |
| <b>ASSETS</b>                             |                      |                         |                           |
| Cash                                      | \$ 9,942,052         | \$ 460,662              | \$ 10,402,714             |
| Investments                               | <u>21,232,562</u>    | <u>2,149,614</u>        | <u>23,382,176</u>         |
| <b>TOTAL ASSETS</b>                       | <u>31,174,614</u>    | <u>2,610,276</u>        | <u>33,784,890</u>         |
| <b>LIABILITIES</b>                        |                      |                         |                           |
| Benefits payable                          | <u>15,927</u>        | <u>-</u>                | <u>15,927</u>             |
| <b>NET POSITION</b>                       |                      |                         |                           |
| Assets held in trust for pension benefits | <u>\$ 31,158,687</u> | <u>\$ 2,610,276</u>     | <u>\$ 33,768,963</u>      |

**EXETER TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|   | Pension Trust Funds  |                         |                           |
|---|----------------------|-------------------------|---------------------------|
|   | Police Pension Fund  | Employees' Pension Fund | Total Pension Trust Funds |
| <b>ADDITIONS</b>  |                      |                         |                           |
| Contributions   |                      |                         |                           |
| Employer  | \$ 10,038,150        | \$ 501,640              | \$ 10,539,790             |
| Employee  | 236,577              | -                       | 236,577                   |
| <b>TOTAL CONTRIBUTIONS</b>  | <u>10,274,727</u>    | <u>501,640</u>          | <u>10,776,367</u>         |
| Investment income   |                      |                         |                           |
| Realized and unrealized losses on investments                                 | 2,923,341            | 311,242                 | 3,234,583                 |
| Interest and dividends  | 850,918              | 57,358                  | 908,276                   |
| <b>TOTAL INVESTMENT INCOME</b>  | <u>3,774,259</u>     | <u>368,600</u>          | <u>4,142,859</u>          |
| Less investment expense   | (81,953)             | (19,614)                | (101,567)                 |
| <b>NET INVESTMENT EARNINGS</b>  | <u>3,692,306</u>     | <u>348,986</u>          | <u>4,041,292</u>          |
| <b>TOTAL ADDITIONS</b>  | <u>13,967,033</u>    | <u>850,626</u>          | <u>14,817,659</u>         |
| <b>DEDUCTIONS</b>   |                      |                         |                           |
| Benefit payments  | 724,021              | 59,559                  | 783,580                   |
| Administrative expenses   | 8,450                | 6,925                   | 15,375                    |
| <b>TOTAL DEDUCTIONS</b>   | <u>732,471</u>       | <u>66,484</u>           | <u>798,955</u>            |
| <b>CHANGE IN NET POSITION</b>   | 13,234,562           | 784,142                 | 14,018,704                |
| <b>NET POSITION OF ASSETS HELD IN TRUST FOR BENEFITS AT BEGINNING OF YEAR</b> |                      |                         |                           |
|   | <u>17,924,125</u>    | <u>1,826,134</u>        | <u>19,750,259</u>         |
| <b>NET POSITION OF ASSETS HELD IN TRUST AT END OF YEAR</b>                    |                      |                         |                           |
|   | <u>\$ 31,158,687</u> | <u>\$ 2,610,276</u>     | <u>\$ 33,768,963</u>      |