

Borough of Gettysburg

Financial Statements and Required
Supplementary Information and
Supplementary Information

Year Ended December 31, 2018
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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BOROUGH OF GETTYSBURG

YEAR ENDED DECEMBER 31, 2018

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BOROUGH OF GETTYSBURG

YEAR ENDED DECEMBER 31, 2018

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Independent Auditor's Report

**Borough Council
Borough of Gettysburg**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Gettysburg (Borough) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Gettysburg Municipal Authority (Authority), which represents 100 percent of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Authority were not audited in accordance with *Government Auditing Standards*. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension plan information, and budgetary comparison schedule on pages i through ix, 54 through 61, and 62 through 63 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The combining non-major

governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
September 5, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Gettysburg's (Borough) annual financial statements represents a narrative overview and analysis of the financial activities of the Borough for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the preceding auditor's report and the accompanying financial statements and notes that follow in order to obtain a thorough understanding of the Borough's financial condition as of December 31, 2018.

FINANCIAL HIGHLIGHTS

- The Borough's total net position of governmental activities was \$12,085,855 as of December 31, 2018, an increase of \$1,513,205 from the prior year net position (as restated).
- The Borough restated its 2017 net position by \$499,155 as a result of understated capital assets as of December 31, 2017.
- At December 31, 2018, the governmental funds reported combined fund balance of \$4,446,937, of which \$203,664 is designated as nonspendable, because funds were used to purchase inventory that was still held at the close of the year and to prepay various expenses; \$2,388,514 is restricted to particular uses; \$348,573 is committed; \$135,715 is assigned; and \$1,370,471 is unassigned and is available for spending at the Borough's discretion.
- The General Fund fund balance at December 31, 2018 was \$1,737,192. This represents an increase in the amount of \$135,714 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 1 through 3 of this report.

- The statement of net position presents information on all of the Borough's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 Borough is improving or deteriorating.
- The statement of activities presents information showing how the government'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 change occurs, regardless of the timing of 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 period.

- Government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The Borough's governmental activities include public safety, health and human services, community development, public works, general government, culture and recreation, and debt service. These financial statements do not present any business-type activities. The government-wide financial statements present information of the discretely presented component unit, which is the water and sewer transactions of Gettysburg Municipal Authority.

Component Unit. A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair presentation in conformity with Generally Accepted Accounting Practices (GAAP). It is important to underscore that components units, by definition, must be legally separate entities.

- There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board, 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting.
- Gettysburg Municipal Authority (GMA) is presented as a discretely presented component unit in the financial statements that follow. Two important criteria used to come to this conclusion are 1) the Borough council appoints the governing board of GMA and 2) the Borough guarantees a portion of the Authority's debt. The notes to the financial statements address this issue and provide additional information in Note 1. "Summary of Significant Accounting Policies." Separate financial statements, which include a Management Discussion and Analysis of the Authority, are available at the Authority's administrative office located at 59 East High Street, Gettysburg, PA 17325.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over monies that have been segregated for specific activities or purposes. The Borough uses fund accounting to ensure compliance with finance related legal requirements. All of the funds of the Borough can be divided into two categories: governmental funds and fiduciary 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 available resources, as well as on balances of available resources available at the end of the fiscal year. By doing so, one may better understand the long-term impact of the government's short-term financing decisions.

- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements which can be found on pages 1 through 3. 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. The basic governmental fund financial statements can be found on pages 4 through 7.

- The Borough maintains nine individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. A schedule in the supplementary information section of the financial statements (beginning on page 64) details the funds that make up the other governmental funds.
- The Borough adopts an annual appropriated budget for all of the governmental funds. A budget comparison statement has been provided on page 62 for the General Fund to demonstrate compliance with the budget.

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 Borough's programs. The basic fiduciary fund financial statements can be found on pages 8 and 9 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 10 through 53 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning changes in net pension (asset) liability and schedule of contributions and investment returns for the Borough's pension plans and a budgetary comparison schedule. Required supplementary information can be found on pages 54 through 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,085,855 at the close of the most recent fiscal year. This \$1,513,205 increase is a result of the following: the Borough's capital assets increased by \$1,818,936 net of current year depreciation expenses due to continued investment in infrastructure such as roadways, bridges and storm sewers; a \$438,769 decrease in grants receivable as a result of timing of grant receipts; principal payments totaling \$537,833 on bonds and notes payable; and the following changes associated with the Borough's pension plans, as described in Note 8 of this report: \$291,939 increase in net pension liability, \$633,294 decrease in net pension asset, \$714,500 increase in deferred outflows of resources for pensions, and \$149,798 decrease in deferred outflows of resources for pensions.

By far the largest portion of the Borough's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress,) less any related debt used to acquire those assets that are still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment

in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Borough's Statement of Net Position

	Governmental Activities	
	2018	2017
		(Restated)
ASSETS		
Current assets	\$ 5,184,169	\$ 6,244,004
Capital assets	14,095,396	12,276,460
Other assets	<u>178,446</u>	<u>824,186</u>
Total assets	<u>19,458,011</u>	<u>19,344,650</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>761,412</u>	<u>56,609</u>
LIABILITIES		
Current liabilities	1,024,628	1,443,174
Noncurrent liabilities	<u>6,400,131</u>	<u>6,526,828</u>
Total liabilities	<u>7,424,759</u>	<u>7,970,002</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>708,809</u>	<u>858,607</u>
NET POSITION		
Net investment in capital assets	9,303,333	7,062,130
Restricted	870,839	1,320,212
Unrestricted	<u>1,911,683</u>	<u>2,190,308</u>
Total net position	<u>\$ 12,085,855</u>	<u>\$ 10,572,650</u>

Changes in Net Position

The following is a summary of the Borough's changes in net position:

	Governmental Activities	
	2018	2017 (restated)
Revenues		
Program Revenues		
Charges for Services	\$ 1,525,659	\$ 1,522,546
Operating Grants and Contributions	419,256	402,528
Capital Grants and Contributions	1,335,176	862,135
General Revenues		
Taxes		
Property Tax	1,985,359	1,889,041
Fire Protection Tax	125,170	125,222
Earned Income Tax	533,024	526,903
Real Estate Transfer Tax	116,312	95,448
Local Services Tax	271,743	270,834
Admission Tax	166,487	175,416
Mechanical Devices	2,600	2,200
Occupational and Per Capita Taxes	29,823	32,097
Unrestricted investment earnings	16,521	15,374
Unrestricted grants	173,322	202,933
Miscellaneous income	63,396	1,804
Total Revenues	<u>6,763,848</u>	<u>6,124,481</u>
Expenses		
General Government	880,448	885,396
Public Safety	2,131,371	2,087,189
Health and Human Services	1,310	1,000
Public Works	1,933,040	2,403,519
Culture and Recreation	109,522	126,108
Community Development	40,273	65,285
Interest	154,679	179,881
Total Expenses	<u>5,250,643</u>	<u>5,748,378</u>
Increase in Net Position	<u>\$ 1,513,205</u>	<u>\$ 376,103</u>

During the year ended December 31, 2018, total revenue for governmental activities increased by \$639,367 mainly due to the increase in capital grants and contributions totaling \$473,041 for the Gettysburg Inner Loop project and an increase in property tax revenue totaling \$96,318 due to an increase in the millage rate and the assessed property values.

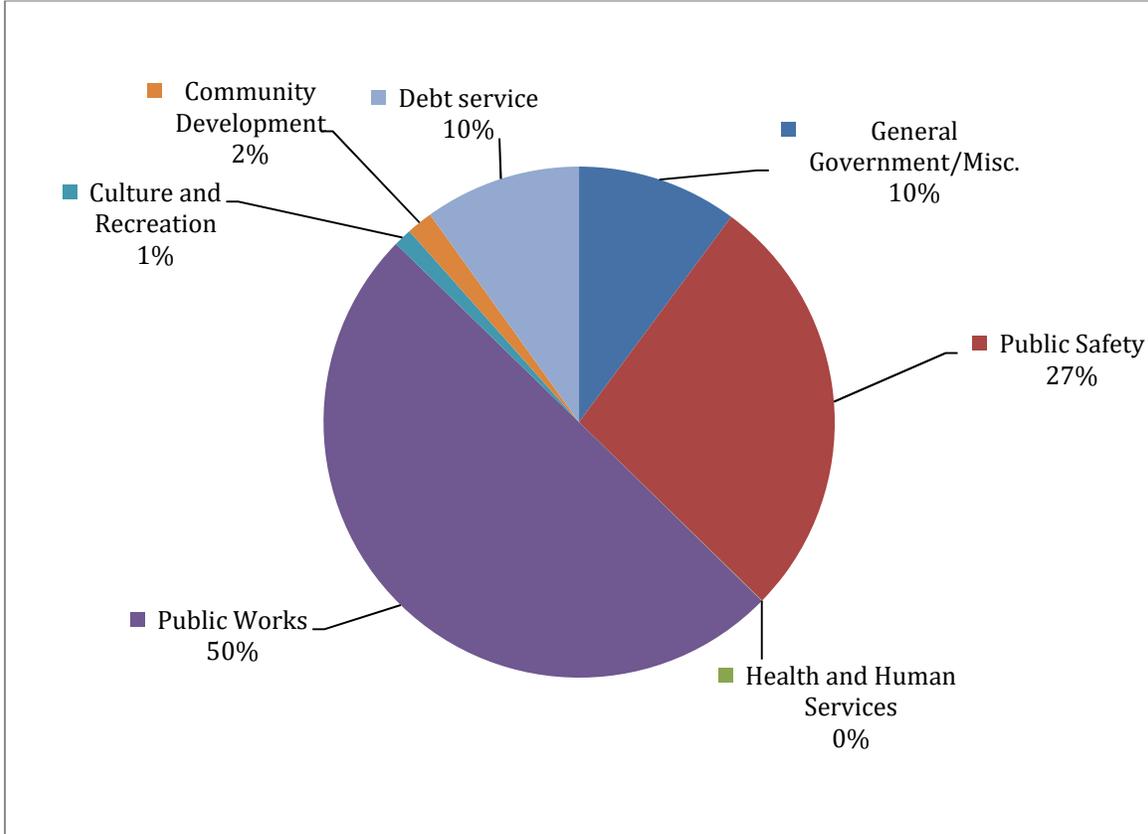
During the year ended December 31, 2018, total expenses for governmental activities decreased by \$497,735 mainly due to the following significant changes in public works expenses: approximately \$274,000 of expenses incurred during the year ended December 31, 2017 for utility pole relocations and rewiring of poles, as well as approximately \$92,000 of non-capitalizable engineering expenses incurred.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds - As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Borough's governmental funds reported combined ending fund balance of \$4,446,937. Approximately 31% of this total amount (\$1,370,471) constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance (\$3,076,466) is shown as nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside for prepaid expenses, restrictions for specific purposes, fuel inventory, capital projects, or debt service.

The General Fund is the primary operating fund of the Borough. During the year ended December 31, 2018, revenues exceeded expenditures and other financing sources and uses (transfers in/out) by \$135,714. During the year ended December 31, 2018, total General Fund revenue increased by \$187,379 due to the following: \$109,862 increase in property tax revenue as a result of an increase in millage rate and assessed property values and \$112,401 increase in parking meter revenue as a result of an increase in parking rates and Sunday no longer being exempt from parking meter charges.

The chart below illustrates the breakdown of governmental funds costs:



GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended December 31, 2018, actual general fund revenues were more than budgeted revenues by \$255,564, primarily from tax collections and increased parking revenue. This served to offset actual expenditures exceeding budgeted expenditures in the amount of \$50,939 creating a surplus of \$204,625 (before other financing sources and uses). Included in other financing sources (uses) are proceeds from the sale of assets of \$110 which was unbudgeted and the transfer out of funds in the amount of \$69,021 in excess of the budgeted amount which was used for early retirement of debt. The net increase in fund balance after other financing sources (uses) was \$135,714.

CAPITAL ASSET ADMINISTRATION

The Borough's investment in capital assets includes land, buildings and improvements, equipment, streets, storm sewer systems, lighting systems, and other infrastructure. This investment in capital assets as of December 31, 2018 was \$14,095,396 for governmental activities (net of accumulated depreciation). Major capital asset events during the year were:

- Additions of \$2,624,246 in capital assets of governmental activities. Government activities added assets that include the completion of the ADA ramps and the construction of Phase A2 of the

Gettysburg Inner Loop multimodal transportation project. The Borough issued 4 million dollars of new money debt in 2016 when it refunded its existing bond and embarked upon a 3-year capital plan to address necessary repairs and replacement of some aging roads and storm sewers.

Comparative Capital Assets at December 31:

Comparative Capital Assets at December 31:

	Governmental Activities	
	2018	2017
Land and Improvements	\$ 1,337,878	\$ 1,384,743
Building and Improvements	4,497,692	4,624,359
Machinery and Equipment	668,472	689,414
Collections	14,150	14,150
Construction in Progress	792,100	910,610
Infrastructure	<u>6,785,104</u>	<u>4,653,184</u>
Total Capital Assets	<u>\$ 14,095,396</u>	<u>\$ 12,276,460</u>

Additional information on capital assets can be found in Note 5 in the notes to financial statements.

DEBT ADMINISTRATION

As of December 31, 2018, the Borough had total outstanding bonded debt of \$5,840,000. The governmental activity amounts are backed by the full faith and credit of the Borough. The following is a comparative statement of outstanding debt:

	Governmental Activities	
	2018	2017
General obligation bonds and loans payable	\$ 6,140,012	\$ 6,677,845
Capital lease payable	<u>146,466</u>	<u>78,733</u>
Total long-term liabilities	<u>\$ 6,286,478</u>	<u>\$ 6,756,578</u>

During the year, the Borough entered into a new capital lease totaling \$137,423 for a John Deer loader and total principal payments on bonds and notes totaled \$537,833.

Additional information on the Borough's long term debt can be found in Note 7 in the notes to financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charles Gable, Borough Manager, 59 East High Street, Gettysburg, PA 17325.

BOROUGH OF GETTYSBURG

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets and Deferred Outflows of Resources		
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,205,574	\$ 6,597,194
Investments	1,205,959	1,040,642
Taxes receivable, net	393,909	-
Accounts and grants receivable - billed	162,442	638,850
Accounts receivable - unbilled	-	630,985
Due from other entity	12,621	-
Accrued interest receivable	-	1,751
Inventories	5,598	57,869
Prepaid expenses	198,066	156,398
Total current assets	<u>5,184,169</u>	<u>9,123,689</u>
Noncurrent assets:		
Restricted investments	7,035	-
Prepaid bond insurance	13,770	32,189
Net pension asset	157,641	-
Capital assets not being depreciated:		
Collections	14,150	-
Construction in progress	792,100	929,127
Land	769,565	392,360
Capital assets net of accumulated depreciation:		
Land improvements	568,313	-
Buildings and improvements	4,497,692	17,174,351
Machinery and equipment	668,472	30,360,734
Infrastructure	6,785,104	-
Total noncurrent assets	<u>14,273,842</u>	<u>48,888,761</u>
Total Assets	<u>19,458,011</u>	<u>58,012,450</u>
Deferred Outflows of Resources:		
Deferred charges on bond refunding	46,912	283,021
Deferred outflows related to pensions	714,500	364,137
Total Deferred Outflows of Resources	<u>761,412</u>	<u>647,158</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 20,219,423</u></u>	<u><u>\$ 58,659,608</u></u>

(Continued)

	Governmental Activities	Component Unit
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 421,226	\$ 180,357
Accrued wages and withholdings	55,778	28,063
Accrued interest	18,849	43,500
Customer deposits	-	13,108
Unearned revenue	4,140	-
Long-term liabilities, due within one year:		
Bonds and notes payable	462,929	873,846
Capital lease payable	44,569	-
Compensated absences	17,137	-
Total current liabilities	<u>1,024,628</u>	<u>1,138,874</u>
Noncurrent liabilities:		
Long-term liabilities, due in more than one year:		
Bonds and notes payable	5,761,025	15,128,142
Capital lease payable	101,897	-
Compensated absences	245,270	-
Net pension liability	291,939	683,472
Total noncurrent liabilities	<u>6,400,131</u>	<u>15,811,614</u>
Total Liabilities	<u>7,424,759</u>	<u>16,950,488</u>
Deferred Inflows of Resources:		
Deferred inflows related to pensions	708,809	36,010
Total Deferred Inflows of Resources	<u>708,809</u>	<u>36,010</u>
Net Position:		
Net investment in capital assets	9,303,333	33,131,681
Restricted	870,839	-
Unrestricted	1,911,683	8,541,429
Total Net Position	<u>12,085,855</u>	<u>41,673,110</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 20,219,423</u>	<u>\$ 58,659,608</u>
		(Concluded)

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

BOROUGH OF GETTYSBURG

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary government:						
Governmental activities:						
General government	\$ 880,448	\$ 81,432	\$ 14,252	\$ -	\$ (784,764)	\$ -
Public safety	2,131,371	151,633	205,053	1,647	(1,773,038)	-
Health and human services	1,310	-	-	-	(1,310)	-
Public works	1,933,040	1,292,594	199,951	1,246,290	805,795	-
Culture and recreation	109,522	-	-	-	(109,522)	-
Community development	40,273	-	-	87,239	46,966	-
Interest	154,679	-	-	-	(154,679)	-
Total Primary Government	\$ 5,250,643	\$ 1,525,659	\$ 419,256	\$ 1,335,176	(1,970,552)	-
Component unit:						
Municipal Authority - Sewer and Water	\$ 6,283,404	\$ 5,858,020	\$ -	\$ -	-	(425,384)
General revenues:						
Taxes						
Property taxes, levied for general purposes					1,985,359	-
Property taxes, levied for specific purposes					125,170	-
Earned income tax					533,024	-
Real estate transfer tax					116,312	-
Local services tax					271,743	-
Admission tax					166,487	-
Occupational and per capita taxes					29,823	-
Other taxes					2,600	-
Unrestricted investment earnings					16,521	22,793
Unrestricted grants					173,322	-
Miscellaneous income					63,396	163,755
Total general revenues					3,483,757	186,548
Change in Net Position					1,513,205	(238,836)
Net Position						
Beginning of year - restated					10,572,650	41,911,946
End of year					\$ 12,085,855	\$ 41,673,110

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

BOROUGH OF GETTYSBURG

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 996,291	\$ 1,479,551	\$ 729,732	\$ 3,205,574
Investments	500,000	-	705,959	1,205,959
Restricted investments	-	-	7,035	7,035
Accounts and grants receivable	61,596	89,656	-	151,252
Taxes receivable, net	386,061	-	7,848	393,909
Due from other entity	12,621	-	-	12,621
Due from other funds	-	-	5,573	5,573
Inventories	5,598	-	-	5,598
Prepaid expenses	198,066	-	-	198,066
Total Assets	\$ 2,160,233	\$ 1,569,207	\$ 1,456,147	\$ 5,185,587
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ 201,648	\$ 218,927	\$ 651	\$ 421,226
Unearned parking revenue	4,140	-	-	4,140
Due to other funds	5,573	-	-	5,573
Accrued wages, benefits, and withholdings	55,778	-	-	55,778
Total Liabilities	267,139	218,927	651	486,717
Deferred Inflows of Resources:				
Unavailable grant revenue	-	89,656	-	89,656
Unavailable tax revenue	155,902	-	6,375	162,277
Total Deferred Inflows of Resources	155,902	89,656	6,375	251,933
Fund Balance:				
Nonspendable	203,664	-	-	203,664
Restricted	27,342	1,260,624	1,100,548	2,388,514
Committed	-	-	348,573	348,573
Assigned	135,715	-	-	135,715
Unassigned	1,370,471	-	-	1,370,471
Total Fund Balance	1,737,192	1,260,624	1,449,121	4,446,937
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,160,233	\$ 1,569,207	\$ 1,456,147	\$ 5,185,587

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

BOROUGH OF GETTYSBURG

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

Total Fund Balance - Governmental Funds

\$ 4,446,937

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund balance sheet, but are reported in the governmental activities statement of net position.

Cost of assets	\$ 26,423,991	
Accumulated depreciation	<u>(12,328,595)</u>	
		14,095,396

Prepaid bond insurance is expensed in governmental funds when the debt is first issued. The statement of net position reports prepaid bond insurance as an asset.

13,770

Taxes and grants receivable are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the fund balance sheet. However, these are recorded as revenue and receivable when levied or expenses are incurred for the government-wide statements.

251,933

Certain other receivables will be collected in the future, but are not available to pay current year expenditures and, therefore, are not recorded in the fund financial statements.

11,190

Some liabilities are not due and payable in the current period and are, therefore, excluded from the fund balance sheet, but are included in the governmental activities statement of net position.

Bonds and notes payable	(6,140,012)	
Unamortized bond premium	(83,942)	
Deferred charge on bond refunding	46,912	
Accrued interest	(18,849)	
Compensated absences	(262,407)	
Capital leases	(146,466)	
Net pension asset	157,641	
Net pension liability	(291,939)	
Deferred outflows of resources related to pensions	714,500	
Deferred inflows of resources related to pensions	<u>(708,809)</u>	
		<u>(6,733,371)</u>

Total Net Position of Governmental Activities

\$ 12,085,855

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

BOROUGH OF GETTYSBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,107,597	\$ -	\$ 125,614	\$ 3,233,211
Licenses and permits	97,287	-	5,070	102,357
Fines and forfeits	200,278	-	-	200,278
Investment earnings	2,048	8,873	5,600	16,521
Intergovernmental	390,515	1,660,059	285,857	2,336,431
Charges for services	1,212,441	-	-	1,212,441
Donations	11,426	-	-	11,426
Miscellaneous	41,850	22,009	14,876	78,735
Total revenues	5,063,442	1,690,941	437,017	7,191,400
Expenditures:				
Current:				
General government	779,629	-	-	779,629
Public safety	1,914,777	-	173,652	2,088,429
Health and human services	1,310	-	-	1,310
Public works	1,354,345	2,188,000	297,159	3,839,504
Culture and recreation	88,473	98	-	88,571
Community development	40,000	-	87,512	127,512
Debt service:				
Principal	40,109	-	567,414	607,523
Interest	2,546	-	151,294	153,840
Total expenditures	4,221,189	2,188,098	1,277,031	7,686,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	842,253	(497,157)	(840,014)	(494,918)
Other Financing Sources (Uses):				
Capital lease	-	-	137,423	137,423
Proceeds from sale of assets	110	-	-	110
Transfers in	-	-	706,649	706,649
Transfers out	(706,649)	-	-	(706,649)
Total other financing sources (uses)	(706,539)	-	844,072	137,533
Net Change in Fund Balance	135,714	(497,157)	4,058	(357,385)
Fund Balance:				
Beginning of year	1,601,478	1,757,781	1,445,063	4,804,322
End of year	\$ 1,737,192	\$ 1,260,624	\$ 1,449,121	\$ 4,446,937

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

BOROUGH OF GETTYSBURG

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Total Governmental Funds \$ (357,385)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays and retirements in the period.

Depreciation expense	\$ (805,310)	
Capital outlays	2,624,246	1,818,936

Bond, note, and capital lease proceeds are reported as a financing source in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. (137,423)

Because some taxes and grant revenue will not be collected for several months after the Borough's fiscal year end, they are not considered as "available" revenues in the governmental funds. The difference in tax and grant revenue is: (416,462)

Certain other receivables are recorded for government-wide purposes due to their long term nature. Amounts received from these sources are recorded as revenues in the current year in the fund financial statements, but reduce the receivable for the government-wide statements. (11,200)

Governmental funds report repayment of bond, note, and capital lease principal as an expenditure. In contrast, the statement of net position treats such repayments as a reduction in long-term liabilities. This is the amount of repayments. 607,523

Governmental funds report prepaid bond insurance and premiums as expenditures and other financing sources (uses). However, in the statement of activities, these costs are amortized over the life of the related bond. This is the amount of amortization expense for prepaid bond insurance and bond premiums. (3,219)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid for:

Accrued interest expense	2,380	
Compensated absences	70,990	
Net pension asset/liability and related deferred outflows and inflows	(60,935)	12,435

Change in Net Position - Governmental Activities \$ 1,513,205

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

BOROUGH OF GETTYSBURG

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2018

	<u>Private Purpose Trust Fund</u>
<hr/>	
Assets	
<hr/>	
Investments	<u>\$ 8,576</u>
<hr/>	
Net Position	
<hr/>	
Held in trust for charitable purposes	<u><u>\$ 8,576</u></u>

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

BOROUGH OF GETTYSBURG

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Fund
Additions:	
<u>Interest, dividends, and other</u>	<u>\$ -</u>
Total additions	<u>-</u>
Deductions:	
<u>Administrative</u>	<u>-</u>
Total deductions	<u>-</u>
Change in Plan Net Position	-
Net Position Held in Trust for Charitable Purposes:	
<u>Beginning of year</u>	<u>8,576</u>
End of year	<u><u>\$ 8,576</u></u>

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

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

1. Summary of Significant Accounting Policies

The Borough of Gettysburg, Pennsylvania, (Borough) operates under a strong council-weak mayor-manager form of government and provides the following services as authorized by the Borough Code: Public Safety – Police and Fire, Highways and Streets, Sanitation, Public Service, Health and Social Services, Culture – Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The financial statements of the Borough have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's more significant accounting policies are described below.

Reporting Entity

The GASB defines the criteria used to determine the composition of the reporting entity. It requires that the reporting entity include (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (d) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation in some manner for the debt of the organization; or (c) is obligated in some manner for the debt of the organization.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity.

The following component unit meets the criteria for discrete presentation and is included within the reporting entity:

- The Gettysburg Municipal Authority (Authority) is governed by a board appointed by Borough Council. The Authority owns the water and sewer plant which services the Borough and neighboring townships, Cumberland and Straban. The Borough has also issued general obligation bonds on behalf of the Authority and guaranteed certain other bond issues. The debt service for these bond issues is paid entirely by the Authority. See Note 7 for additional information.

Separate financial statements of the Authority are available at the Authority's Administrative office located at 601 East Middle Street, Gettysburg, PA 17325.

Joint Ventures

Gettysburg Area Recreational Authority

On January 28, 2014, the Borough entered into a cooperative agreement with the Township of Cumberland to create the Gettysburg Area Recreation Authority (GARA) for the purpose of providing and managing recreation programs to the citizens of the Borough and the Township. For the year ended December 31, 2018, the total per capita charge paid by the Borough to GARA was \$66,716. Separately published financial statements for GARA are available at the Borough's administrative office.

The Borough entered into a lease with GARA for 52 acres of land, as well as the Charlie Sterner Recreation Building, storage buildings, sports fields, recreation equipment, and improvements, trails, pavilions, playgrounds and amphitheater located on the premises, for a ten-year term beginning on January 1, 2014 with automatic renewal. Amounts paid by GARA as required under the Lease Agreement, such as payment for utilities and services, are considered as payment of rent.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Related Organization

Gettysburg Borough Stormwater Authority

In November 2018, the Borough approved an ordinance to create and establish the Gettysburg Borough Stormwater Authority (Stormwater Authority), whereby the Stormwater Authority will have such purposes and powers as set forth in the Pennsylvania Municipality Authorities Act including, but not limited to, the administration and assessment of related fees in connection with the construction, operation, maintenance and repairs necessary for the implementation and operation of the Borough's municipal separate storm sewer system. The five-member Board is appointed by Borough Council. The Stormwater Authority did not have any activity during the year ended December 31, 2018.

Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenue, and expenditures/expenses. The various funds of the primary government are segregated into the categories of governmental and fiduciary.

Governmental Funds

Governmental Funds are those through which most governmental functions of the Borough are financed.

The Borough reports the following major governmental funds:

- General Fund – This fund is the general operating fund of the Borough. This fund is used to account for all financial transactions except those accounted for in another fund. This is a budgeted fund, and any unassigned fund balance is considered as resources available for use.
- Capital Projects Fund – This fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by enterprise funds).

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The Borough reports the following non-major governmental funds:

- Capital Reserve Fund – This fund is used to account for street cutting permit fees that are restricted to pay for future capital improvements.
- Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Borough has the following Special Revenue Funds:
 - *Highway Aid Fund* – is used to account for the proceeds and disposition of state liquid fuels entitlements that are legally restricted to expenditures for specific purposes, primarily building and maintaining local roads and bridges.
 - *Company K Fund* – is used to account for the proceeds and disposition of funds donated to the Borough that are restricted for the perpetual care and maintenance of the Company K Memorial Monument.
 - *Fire Tax Fund* – is used to account for real estate taxes assessed for providing fire protection services within the Borough.
 - *Small Communities Program Fund* – is used to account for the proceeds and disposition of various federal and state grants that are restricted by grant agreements to expenditures for community development projects.
 - *Revolving Loan Fund* – is used to track funds available to provide low interest rate loans to local businesses to help build up the local community and support growth in the area.
- Debt Service Fund – is used to hold funds necessary to make required annual debt payments of the Borough.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Borough's own programs. The Borough has no investment trust funds, agency funds, or pension trust funds.

The Borough maintains a private purpose trust fund, the Eichelberger-Stahle Trust Fund, which accounts for a charity fund in which yearly proceeds are to be distributed to the deserving poor of the Borough.

Basis of Presentation

Government-wide Financial Statements

The statements of net position and activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Borough's public safety, health and human services, public works (including highways and parking facilities), culture and recreation, community development, and general administrative services are classified as governmental activities. The statements distinguish between these activities of the Borough that are governmental and the discretely presented component unit.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements, but differs from the manner in which governmental fund financials are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and statements for governmental funds.

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

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Fund Financial Statements

Fund financial statements report detailed information about the Borough. The focus of the governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The major fund concept does not apply to fiduciary funds and they are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balance, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Basis of Accounting

Accrual

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (assets plus deferred outflows of resources less deferred inflows of resources and liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

Modified Accrual

The governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

government generally considers tax and other revenue (other than grants) to be available if collected within 60 days of the end of the fiscal period. Availability period for grant revenue is zero days. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB standards, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as unearned revenue by the recipient. If time requirements for eligibility are not met, a deferred inflow of resources would be recorded.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pension, compensated absences, and claims and judgments, are recorded only when payment is due.

Cash and Cash Equivalents

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

Investments

All certificate of deposits with original maturities of more than three months are considered investments. Investments are stated at fair value. The Borough categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Capital Assets

General capital assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the governmental fund balance sheet.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition on the date donated.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Acquisition value is the price that the Borough would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets with a value of \$1,000 or more are capitalized by the Borough. Infrastructure acquired after January 1, 2003 (in accordance with GASB provisions) is capitalized and depreciated over its estimated useful life. When an asset is disposed of, cost and related accumulated depreciation are removed and any gain or loss arising from its disposal is credited or charged to operations.

Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20 years
Infrastructure	20 years
Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 15 years
Furniture and fixtures	5 years

Collections include historical treasures that are not depreciated. The collections are being held for public exhibition, protected, kept unencumbered, cared for and preserved, and, therefore, are not depreciated.

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 consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The Borough has several items that qualify for reporting in this category, including various items related to the pension plans, which are determined based on actuarial valuations, and a deferred charge on bond refunding, which results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the old or new debt.

In addition to liabilities, the statement of net position and balance sheet – governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has several items which qualify for reporting in this

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

category. Unavailable revenue from taxes and grants are considered a deferred inflow of resources on the balance sheet – governmental funds, and various items related to the pension plans are shown as deferred inflows on the statement of net position.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, accounts payable, or other borrowings attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds.

Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

- *Restricted* – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of December 31, 2018, restricted net position consisted of:

Restricted for:

Housing and redevelopment	\$ 329,866
Highway Department	503,003
Company K maintenance	7,035
Community development	1,072
Fire Department	2,521
Police Department	10,342
PML conference	17,000
	<u>\$ 870,839</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- *Unrestricted* – This component of net position is the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted to have been depleted before unrestricted is applied.

Fund Balance – Governmental Funds

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long-term portion of loans and notes receivable.
- *Restricted* – This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.
- *Committed* – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Borough's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the Borough Council. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- Assigned – This classification includes spendable amounts that are reported in governmental funds other than in the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the Borough Council, or a subordinate high-level body, such as the finance committee, borough manager, or finance director that is authorized to assign amounts to be used for specific purposes. The assignment of fund balance cannot result in a negative unassigned fund balance.
- Unassigned – This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The General Fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the General Fund) would be eliminated prior to reporting a negative unassigned fund balance.

Fund Balance Flow Assumption

Sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Based on the Borough's fund balance policy, funds are considered spent in the following order: restricted, committed, assigned, and unassigned.

Minimum Fund Balance Policy

The Borough has established a fund balance policy to maintain a minimum fund balance in the General Fund at December 31 of eighteen percent (18%) of budgeted General Fund revenues for that fiscal year, with the target being no less than twenty-five percent (25%) of budgeted general fund revenues. In any year in which the December 31 fund balance falls below 18%, the fund balance shall be budgeted to replenish the target no later than the second budget adopted by the Borough Council following the shortfall through any combination of expenditure cuts or decreases and/or through tax increases or any other revenue increases.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The Borough has established a policy to set aside fund balance in the Debt Service Fund at December 31 an amount that is equivalent to a minimum of fifty percent (50%) of the budgeted debt payments for that fiscal year.

Interfund Activity

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds.

Budgets and Budgetary Accounting

Annual budgets are adopted for the General Fund, Fire Tax Fund, Small Communities Program Fund, Company K Memorial Fund, Capital Projects Fund, Debt Service Fund, Capital Reserve Fund, Highway Aid Fund, Revolving Loan Fund, and the Eichelberger-Stahle Charitable Trust Fund. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities columns in the statement of net position. Bond premium and discounts are deferred and amortized to interest expense over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Deferred charges on bond refunding are shown as deferred outflows of resources. Bond issuance costs related to insurance premiums are

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

reported as assets and amortized to expense over the term of the related debt. Other bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses (if resulting from a disparity in interest rates) or as debt service (if resulting from underwriter's fees). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension Plans

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchases with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose. The Borough has a duty of due care that would be required of an ordinary prudent investor.

The Borough has established two defined benefit pension plans for the benefit of substantially all full-time employees, the police plan and non-uniformed plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. See Note 8 for additional information on these pension plans.

Other Post-Employment Benefits (OPEB)

The Borough offers retirees the option to stay on the Borough's insurance plan, but retirees who elect to participate are required to pay 110% of the premium. The 110% is comprised of the full premium, plus a 10% administrative fee. The Borough assumes no liability or cost related to the retirees participating in the plan.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Compensated Absences

The liability for compensated absences is accounted for in accordance with the provisions of the GASB, which require entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu or accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Under terms of the Borough's employment agreements, employees are granted vacation, personal, and sick leave in varying amounts. Personal time must be used during the calendar year for all employees and cannot be carried over. Five days of vacation may be carried over from one year to the next. This liability is not significant and is not included in these financial statements. Upon retirement from the Borough, non-uniformed employees and police are reimbursed for accumulated sick leave in accordance with personnel policies.

The vesting method is used to account for sick leave. In accordance with GASB standards, no liability is recorded in the governmental fund financial statements and an expenditure is recorded as payments are made. In the government-wide financial statements, the liability and expenses are recorded as incurred.

Discretely Presented Municipal Authority

The Authority was created by the Borough on June 18, 1948, under the provisions of the Municipality Authorities Act of 1945, to provide water and sewer services to the residents of the Borough.

Accounts Receivable and Concentration of Credit Risk

The Authority provides water and sewer service to customers within the Gettysburg area. Receivables are recorded at face amount. An allowance for doubtful account has been recorded based on management's estimates based on historical collections and the ability to file liens against property.

Unbilled Revenue

During the year, customer water meters are read quarterly and water/sewer bills rendered throughout quarterly periods. Because not every meter is read on the same date, revenue for services rendered, but not yet billed is accrued at year-end to match revenues with related expenses.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Capital Assets

Capital assets consist of property and equipment and are stated at cost or, if contributed, at the acquisition value at time of contribution. Depreciation is charged as an expense against operations. The Authority maintains a capitalization threshold of \$1,000. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and plant	25 - 40 years
Office equipment	10 years
Transportation equipment	6 years
Mains and lift stations	25 - 50 years
Wells and springs	25 years
Meters	15 years
Pumping and treatment	10 - 25 years
General property and equipment	10 - 15 years

Compensated Absences

Under the terms of the Authority's employment agreements, full-time employees are granted vacation leave after completing twelve months of employment.

The amount of vacation days awarded is based on the number of continuous service years. Vacation is awarded to employees on their anniversary dates, rather than the year-end of the Authority. With few exceptions, employees may not accumulate any unused vacation leave past their anniversary date.

Pending Pronouncements

In January of 2017, GASB issued Statement No. 84, "Fiduciary Activities." This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of GASB Statement No. 84 are effective for the Borough's December 31, 2019 financial statements.

In June of 2017, GASB issued Statement No. 87, "Leases." This Statement improves the accounting and financial reporting for leases. The provisions of GASB Statement No. 87 are effective for the Borough's December 31, 2020 financial statements.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

In March of 2018, GASB issued Statement No. 88, *“Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.”* This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of GASB Statement No. 88 are effective for the Borough’s December 31, 2019 financial statements.

In June of 2018, GASB issued Statement No. 89, *“Accounting for Interest Cost Incurred Before the end of a Construction Period.”* This Statement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The provisions of GASB Statement No. 89 are effective for the Borough’s December 31, 2020 financial statements.

The effect of implementation of these Statements has not yet been determined.

2. Cash and Investments

Borough

The Commonwealth of Pennsylvania’s “Borough Code” and Act 10 of 2016 define allowable investments for Borough funds as follows:

- United States Treasury bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective government entity.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

- Shares of an investment company registered under the Investment Company Act of 1940.
- Obligations, participations, or other instruments of any federal agency, instrumentality, or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less. All certificate of deposits are considered level 1 investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a written policy for custodial credit risk. As of December 31, 2018, The Borough's book balance was \$4,427,144 and the bank balance was \$4,566,460. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining \$4,066,460 was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined by the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Deposits:		
Governmental activities:		
Unrestricted cash and cash equivalents	\$	3,205,574
Unrestricted investments		1,205,959
Restricted investments		7,035
Fiduciary funds		8,576
Total deposits	\$	<u>4,427,144</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Discretely Presented Municipal Authority

The Authority is authorized to invest funds as detailed above for the Borough.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written policy for custodial credit risk. As of December 31, 2018, \$7,081,518 of the Authority's bank balance of \$7,581,518 was exposed to custodial credit risk. Included in this amount is \$1,040,642 of certificates of deposit, which are classified as investments on the statement of net position. Deposits of \$7,081,518 were uninsured and collateralized with securities held by the pledging bank's trust department, but not in the Authority's name.

3. Taxes Receivable and Deferred Inflows

Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2% discount if paid before May 1 and at a 10% penalty if paid after the due date of June 30. On December 31 of the current year, the bill becomes delinquent and such property taxes are turned over to Adams County for collections and placement of liens, if necessary. Taxes are recorded as revenue by the Borough when received from the tax collector, and accruals are recorded at year-end for taxes expected to be received within 60 days of December 31 in accordance with the modified accrual basis of accounting. The Borough has established an allowance for uncollectible taxes based on an evaluation of historical collections. The total assessed valuation as of December 31, 2018 is \$507,496,500.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Taxes receivable in the balance sheet – governmental funds consists of the following as of December 31, 2018:

Real estate and real estate transfer	\$ 172,145
Fire tax	7,848
Per capita	14,543
Earned income	122,767
Occupational	35,989
Local services tax	56,867
Admission	21,006
Allowance for uncollectible accounts	<u>(37,256)</u>
Total taxes receivable	393,909
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(231,632)</u>
Taxes estimated to be collected after sixty days, recorded as deferred inflows in governmental funds	<u><u>\$ 162,277</u></u>

4. Interfund Receivables and Payables and Transfers

Borough

Due from/to other funds consist of the following as of December 31, 2018:

	Due to		
Due from	Capital Reserve Fund	Fire Tax Fund	Total
General Fund	<u>\$ 5,070</u>	<u>\$ 503</u>	<u>\$ 5,573</u>

Interfund transfers were as follows during the year ended December 31, 2018:

Transfer from	Transfer to	Amount
General Fund	Debt Service Fund	<u><u>\$ 706,649</u></u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The General Fund transferred money to Debt Service Fund to pay debt service payments.

5. Capital Assets

Borough

Capital asset activity for the Borough consists of the following as of and for the year ended December 31, 2018:

	(Restated) Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 910,610	\$ 173,634	\$ 292,144	\$ 792,100
Collections	14,150	-	-	14,150
Land	769,565	-	-	769,565
Capital assets being depreciated:				
Land improvements	1,104,710	-	-	1,104,710
Infrastructure	10,651,352	2,471,011	5,983	13,116,380
Buildings and improvements	8,075,526	75,470	2,368	8,148,628
Machinery and equipment	2,436,067	196,275	212,052	2,420,290
Furniture and fixtures	58,168	-	-	58,168
Total cost	<u>24,020,148</u>	<u>2,916,390</u>	<u>512,547</u>	<u>26,423,991</u>
Less accumulated depreciation:				
Land improvements	(489,532)	(46,865)	-	(536,397)
Infrastructure	(5,998,168)	(339,091)	(5,983)	(6,331,276)
Buildings and improvements	(3,451,167)	(202,137)	(2,368)	(3,650,936)
Machinery and equipment	(1,746,653)	(217,217)	(212,052)	(1,751,818)
Furniture and fixtures	(58,168)	-	-	(58,168)
Total accumulated depreciation	<u>(11,743,688)</u>	<u>(805,310)</u>	<u>(220,403)</u>	<u>(12,328,595)</u>
Capital assets, net	<u>\$ 12,276,460</u>	<u>\$ 2,111,080</u>	<u>\$ 292,144</u>	<u>\$ 14,095,396</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Depreciation expense for the year ended December 31, 2018 was charged as follows:

General government	\$	106,358
Public safety		31,050
Public works		646,951
Culture and recreation		20,951
	\$	<u>805,310</u>

Discretely Presented Municipal Authority

Capital asset activity for the Authority consists of the following as of and for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 392,360	\$ -	\$ -	\$ 392,360
Construction in progress	551,629	413,884	(36,386)	929,127
Capital assets being depreciated:				
Building and plant	38,830,085	-	-	38,830,085
Wells	3,340,606	38,455	-	3,379,061
Lift stations	775,711	-	-	775,711
Utility and general equipment	<u>49,638,630</u>	<u>279,831</u>	<u>-</u>	<u>49,918,461</u>
Total cost	<u>93,529,021</u>	<u>732,170</u>	<u>(36,386)</u>	<u>94,224,805</u>
Less accumulated depreciation:				
Building and plant	(20,556,277)	(1,099,457)	-	(21,655,734)
Wells	(1,690,124)	(107,941)	-	(1,798,065)
Lift stations	(609,383)	(25,868)	-	(635,251)
Utility and general equipment	<u>(20,195,696)</u>	<u>(1,083,487)</u>	<u>-</u>	<u>(21,279,183)</u>
Total accumulated depreciation	<u>(43,051,480)</u>	<u>(2,316,753)</u>	<u>-</u>	<u>(45,368,233)</u>
Capital assets, net	<u>\$ 50,477,541</u>	<u>\$ (1,584,583)</u>	<u>\$ (36,386)</u>	<u>\$ 48,856,572</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

6. Mortgages and Notes Receivable

The following is a summary of changes in mortgages receivable for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Accrued Interest	Current Portion
Pathstone Corporation 3rd Mortgage	\$ 59,718	\$ -	\$ -	\$ 59,718	\$ 11,595	\$ -
Pathstone Corporation 4th Mortgage	150,000	-	-	150,000	28,500	-
Pathstone Corporation 5th Mortgage	40,000	-	-	40,000	7,600	-
Subtotal - mortgages	249,718	-	-	249,718	47,695	-
Allowance for uncollectible accounts	(249,718)			(249,718)	(47,695)	-
Net mortgages receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pathstone Corporation 3rd Mortgage

On January 6, 1993, Pathstone Corporation, formerly Gettysburg Scattered Sites Associates, entered into a mortgage with the Borough. The principal amount of \$44,235 was raised to \$59,718 on July 28, 1999 and accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of prior liens. Accrued interest as of December 31, 2018 totaled \$11,595.

Pathstone Corporation 4th Mortgage

On January 6, 1993, Pathstone Corporation, formerly Gettysburg Scattered Sites Associates, entered into a mortgage with the Borough. The principal amount of \$150,000 accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of prior liens. Accrued interest as of December 31, 2018 of \$28,500 excludes interest through December 31, 1999 of \$10,500, which was forgiven in prior years.

Pathstone Corporation 5th Mortgage

On January 6, 1993, Pathstone Corporation, formerly Gettysburg Scattered Sites Associates, entered into a mortgage with the Borough. The principal amount of \$40,000 accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

prior liens. Accrued interest as of December 31, 2018 of \$7,600 excludes the accrued interest that was rolled into principal during 1999.

An allowance for uncollectible accounts has been established for the entire amount of the mortgage and interest receivable, because it is probable that the Borough will not receive these funds.

7. Long-Term Liabilities

Borough

The changes in long-term liabilities during the year ended December 31, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable:					
2009 PIB Loan	\$ 85,513	\$ -	\$ (85,513)	\$ -	\$ -
2015 PIB Loan	337,332	-	(37,320)	300,012	37,929
2016 GO Bond	6,255,000	-	(415,000)	5,840,000	425,000
Bond (Discount)/Premium	91,690	-	(7,748)	83,942	-
Subtotal - bonds and notes	6,769,535	-	(545,581)	6,223,954	462,929
Capital lease payable	78,733	137,423	(69,690)	146,466	44,569
Compensated absences	333,397	26,379	(97,369)	262,407	17,137
Total long-term liabilities	<u>\$ 7,181,665</u>	<u>\$ 163,802</u>	<u>\$ (712,640)</u>	<u>\$ 6,632,827</u>	<u>\$ 524,635</u>

Bonds and Notes Payable

Pennsylvania Infrastructure Bank (PIB) Loan of 2009

On December 30, 2009, the Borough signed a note in the principal amount of \$300,000 to fund various infrastructure improvements within the Borough. Semiannual installments of \$16,312 are due February 8 and August 8 with an interest rate of 1.625%. On May 25, 2018, the Borough paid off the remaining principal balance of the 2009 PIB Loan.

PIB Loan of 2015

The Borough obtained a note in the principal amount of \$392,192 to fund replacing metal storm water pipes and resurfacing East Middle Street. This note was drawn down in February 2016.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Semiannual installments of \$21,325 are due February 1 and August 1, with a fixed interest rate of 1.625%.

General Obligation Bonds – Series of 2016

On June 27, 2016, the Borough issued \$8,305,000 of General Obligation Bonds. The purpose of the issuance is to (1) refund the General Obligation Bonds – Series of 2010; and (2) provide financing to acquire various capital assets and construct various capital projects. The portion of the bonds used to refund the 2010 bonds was \$4,305,000 (\$2,965,000 Borough, \$1,340,000 Authority). The portion of the issuance that is to be used to acquire or construct capital items was \$4,000,000. Part of the issuance refunded the Authority's portion of the 2010 bonds and, thus, a portion of this issuance will be repaid by the Authority. For the Borough's portion, annual principal installments varying from \$405,000 to \$980,000 are due through November 15, 2029. The interest rate varies from 2.00% to 3.00%.

The following is a schedule by years and in the aggregate of future minimum debt principal and interest payments as of December 31, 2018.

	2015 PIB Loan		2016 GO Bond (Borough Portion)		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 37,929	\$ 4,722	\$ 425,000	\$ 132,483	\$ 462,929	\$ 137,205
2020	38,548	4,103	460,000	119,733	498,548	123,836
2021	39,177	3,474	490,000	105,933	529,177	109,407
2022	39,816	2,835	505,000	91,324	544,816	94,159
2023	40,466	2,185	515,000	81,133	555,466	83,318
2024-2028	104,076	2,551	2,860,000	244,463	2,964,076	247,014
2029	-	-	585,000	12,870	585,000	12,870
	<u>\$ 300,012</u>	<u>\$ 19,870</u>	<u>\$ 5,840,000</u>	<u>\$ 787,939</u>	<u>\$ 6,140,012</u>	<u>\$ 807,809</u>

Interest Expense

For the year ended December 31, 2018, the Borough incurred interest expense of \$154,679.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Discretely Presented Municipal Authority

The changes in long-term liabilities during the year ended December 31, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2012 GO Bonds - sewer	\$ 5,025,000	\$ -	\$ (805,000)	\$ 4,220,000	\$ 815,000
Unamortized premium	72,231	-	(11,779)	60,452	1,558
	<u>5,097,231</u>	<u>-</u>	<u>(816,779)</u>	<u>4,280,452</u>	<u>816,558</u>
2015 Sewer revenue bonds	5,320,000	-	(5,000)	5,315,000	5,000
Unamortized premium	20,848	-	(1,238)	19,610	1,238
	<u>5,340,848</u>	<u>-</u>	<u>(6,238)</u>	<u>5,334,610</u>	<u>6,238</u>
2016 Sewer revenue bonds	6,475,000	-	(45,000)	6,430,000	55,000
Unamortized discount	(47,024)	-	3,950	(43,074)	(3,950)
	<u>6,427,976</u>	<u>-</u>	<u>(41,050)</u>	<u>6,386,926</u>	<u>51,050</u>
2016 GO Bonds - water	200,000	-	(200,000)	-	-
Unamortized discount	(8,396)	-	8,396	-	-
	<u>191,604</u>	<u>-</u>	<u>(191,604)</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u><u>\$ 17,057,659</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,055,671)</u></u>	<u><u>\$ 16,001,988</u></u>	<u><u>\$ 873,846</u></u>

The Borough has issued several general obligation bond issues on behalf of the Authority. Pursuant to subsidy agreements between the Authority and the Borough, the Authority has agreed to pay the principal and interest on these bonds from the revenues of the water and sewer system. The bonds are further secured by the receipts and revenues of the water and sewer system and guaranteed by the Borough through the pledge of its full faith, credit and taxing power.

The general obligation bonds listed below represent the bonds issued by the Borough on behalf of the Authority. All proceeds are utilized by the Authority and the related debt service is paid by the Authority.

Therefore, this debt is only shown within the discretely presented component unit column on the government-wide statements.

General Obligation Bonds Sewer – Series of 2012 – In May 2012, the Borough issued General Obligation Bonds in the principal amount of \$8,135,000 to advance the General Obligation

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Bonds – Series of 2007. The bonds are ultimately payable from the revenues of the Authority. Annual principal installments range from \$60,000 to \$865,000 through August 15, 2023, with interest ranging from 0.50% to 2.50%.

Sewer Revenue Bonds – Series of 2015 – In May 2015, the Authority issued Revenue Bonds in the principal amount of \$5,355,000 to fund capital improvements to its public sanitary sewer system and to pay the costs of issuing and insuring the bonds. The Borough guaranteed the payment of the bonds by pledging its full faith, credit, and taxing power. The bonds are payable in annual principal installments ranging from \$5,000 to \$1,315,000 through November 15, 2034, with interest ranging from 2.00% to 4.00%.

Sewer Revenue Bonds – Series of 2016 – In June 2016, the Authority issued Revenue Bonds in the principal amount of \$6,540,000 to refund the 2010 Sewer Revenue Bonds. The Borough guaranteed the payment of the bonds by pledging its full faith, credit, and taxing power. The bonds are payable from revenues of the Authority. Principal installments range from \$20,000 to \$1,080,000 through November 15, 2029, with interest rates ranging from 2.00% to 2.50%.

General Obligation Bonds Water – Series of 2016 – In June 2016, the Borough issued General Obligation Bonds to presently refund the 2010 General Obligation Bonds. The Authority portion of this issuance in the amount of \$1,340,000 was payable from the revenues of the Authority. Annual installments ranged from \$200,000 to \$565,000 through November 15, 2018, with interest ranging from 2.00% to 3.00%.

The following is a schedule by years and in the aggregate of future minimum debt principal and interest payments required at December 31, 2018.

	Total	
	Principal	Interest
2019	\$ 875,000	\$ 433,140
2020	895,000	415,638
2021	905,000	397,740
2022	920,000	379,472
2023	940,000	358,580
2024-2028	5,045,000	1,464,353
2029-2033	6,115,000	735,856
2034	270,000	9,720
	<u>\$ 15,965,000</u>	<u>\$ 4,194,499</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Interest Expense

For the year ended December 31, 2018, the Authority incurred interest expense of \$502,183.

Capital Leases

The Borough is financing various equipment through capital leases with vendors. At December 31, 2018, the leased assets have a gross capitalized value of \$229,728 and accumulated depreciation of \$34,982, leaving a net book value of \$194,746 that is included in capital assets.

The aggregate amount of future payments required on capital leases at December 31, 2018 is as follows:

2019	\$	49,258
2020		49,258
2021		29,580
2022		29,580
		<hr/>
		157,676
Amount representing interest		11,210
		<hr/>
	\$	146,466
		<hr/> <hr/>

8. Pension Plans

General Information About the Pension Plans - Borough

Plan Description

The Borough contributes to two defined benefit pension plans: The Police Pension Plan and Non-Uniformed Pension Plan. The plans are administered by the Municipal Retirement Trust (MRT). MRT is a multiple-employer trust that pools the investments of all participants. Separate accounts are maintained for each employer and this is considered an agent multiple-employer plan. MRT issues financial statements, which may be obtained by writing to Municipal Retirement Trust, 2941 North Front Street, Harrisburg, PA 17110.

The plans are governed by Borough Council. The Borough Council has delegated the authority to manage plan assets to MRT.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The Borough does not issue stand-alone financial reports for the police and non-uniformed pension plans.

Police Pension Plan Description – The Plan covers all full-time members of the police force. The plan provides retirement benefits as well as death benefits. If a participant is eligible for retirement, a death benefit is payable. Employees are entitled to an annual cost-of-living increase.

Non-Uniformed Pension Plan Description – The Plan covers all full-time non-uniformed employees as of the first day of a participant's employment. The plan provides retirements, disability, and death benefits to plan members and their beneficiaries.

Benefits Provided

Police Pension Plan Benefits

Vesting – Members are 100% vested after 12 years of service.

Retirement benefit – 50% of final 36-month average compensation plus 2% of the retirement benefit otherwise payable for each year of service over 25 years. The maximum increment is \$100 per month.

Survivor benefit – If the member is retired or eligible for retirement, the benefit is 50% of the pension. If an active member is killed in service, a monthly pension of 100% of the member's monthly salary at the time of death.

Disability benefit service related – 50% of the member's monthly salary at the date of disability less Social Security disability benefit for the same injury.

Non-Uniformed Pension Plan Benefits

Vesting – Members are 40% vested after four years of service and 10% additionally for each year thereafter. Members are fully vested after 10 years of service.

Retirement benefit – 1.25% of average monthly compensation over the highest five consecutive plan years, multiplied by years of credited service.

Survivor benefit – Before retirement, the survivor portion of the immediate benefit, which is the actuarial equivalent of the vested portion of the 50% joint and survivor deferred to

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

the participant's normal retirement age. After retirement, benefits, if any, are provided by optional benefit form elected at retirement.

If the member is retired or eligible for retirement, the benefit is 50% of the pension. If an active member is killed in service, a monthly pension of 100% of the member's monthly salary at the time of death.

Disability benefit service and non-service related – A monthly benefit equal to the accrued benefit at disablement, reduced for early commencement.

Contribution Requirements for Both Plans

Act 205 of 1984, the Municipal Pension Plan Fund Standard and Recovery Act (Act 205), initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

The Commonwealth of Pennsylvania allocated General Municipal Pension System State Aid to individual municipalities under Act 205 of the Pennsylvania legislature. The monies received must be contributed to the pension plans within a certain period of time. Any funding requirements in excess of state aid must be paid by the municipality in accordance with Act 205. The annual required contributions and contributions made were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Annual required contribution	\$ 111,208	\$ 162,477
Contributions made - employer	(26,889)	(73,474)
Contributions made - state	(84,319)	(89,003)
	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Plan Membership

	<u>Police</u>	<u>Non-Uniformed</u>
Active plan members	9	19
Inactive plan members or beneficiaries currently receiving benefits	12	20
Inactive plan members entitled to, but not yet receiving benefits	<u>2</u>	<u>9</u>
Total	<u><u>23</u></u>	<u><u>48</u></u>

Net Pension Liability (Asset)

Actuarial Methods and Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liabilities as of December 31, 2018 were determined as part of actuarial valuations at January 1, 2017. Update procedures were used to roll forward the liabilities to the plan's fiscal year ending December 31, 2018.

The reports were based upon the Plans' actuarial assumptions, asset valuation methods, and cost methods as described below:

	<u>Police Pension Plan</u>	<u>Non-Uniformed Pension Plan</u>
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar	Level dollar
Remaining amortization period	N/A	3 Years
Inflation	2.25%	2.25%
Salary increases	4.50%	4.25%
Investment rate of return *	7.25%	7.25%

* Net of pension plan investment expense, including inflation

Mortality rates were based on the Blue Collar RP-2000 Mortality Table with full generational projections for future improvements using Scale AA for the police pension plan and RP-2000

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Mortality Table with full generational projections for future improvement using Scale AA for the non-uniformed pension plan.

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plans' investments was determined using an asset allocation study conducted by the Plans' investment management consultant in December 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major class asset. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.59)% for the Police Pension Plan and (4.74)% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The Plans' investment policy has been delegated to the MRT in regard to the allocation of invested plan assets. The investment policy is established and may be amended by the MRT Board of Trustees. The MRT provides two investment options – the Balanced Fund and the Fixed Income Fund. The investment objective of the Balanced Fund is long-term growth and income expected to earn returns comprised of long-term capital appreciation and substantial current income. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Best-estimates or arithmetic real rates of return (excluding investment expense) for each major asset class included in the Plans' target asset allocations as of December 31, 2018 are listed in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity		
Large Cap - Growth	18.50%	
Large Cap - Value	18.50%	
Medium and Small Cap - Value	6.00%	
Medium and Small Cap - Growth	2.00%	
International Equity	14.00%	
Emerging Markets Equity	1.00%	
Fixed Income	35.00%	
Alternative/Real Estate	5.00%	
Cash	0.00%	
	<u>100.00%</u>	<u>4.65%</u>
Inflation expectation excluded above		<u>2.25%</u>
Long-term expected rate of return (including inflation)		<u>6.90%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for both plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plans' current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plans' long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability (asset).

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Police Pension Plan			
Balances at December 31, 2017	\$ 4,405,056	\$ 5,167,156	\$ (762,100)
Changes for the year:			
Service cost	122,656	-	122,656
Interest	317,692	-	317,692
Contributions - employer	-	111,208	(111,208)
Net investment loss	-	(237,016)	237,016
Benefit payments, including refunds of employee contributions	(291,505)	(291,505)	-
Administrative expenses	-	(38,303)	38,303
Net changes	<u>148,843</u>	<u>(455,616)</u>	<u>604,459</u>
Balances at December 31, 2018	<u>\$ 4,553,899</u>	<u>\$ 4,711,540</u>	<u>\$ (157,641)</u>
Plan fiduciary net position as a percentage of total pension liability			<u>103%</u>
Non-Uniformed Pension Plan			
Balances at December 31, 2017	\$ 3,202,029	\$ 3,230,864	\$ (28,835)
Changes for the year:			
Service cost	72,532	-	72,532
Interest	232,053	-	232,053
Contributions - employer	-	162,477	(162,477)
Net investment loss	-	(153,149)	153,149
Benefit payments, including refunds of employee contributions	(147,650)	(147,650)	-
Administrative expenses	-	(25,517)	25,517
Net changes	<u>156,935</u>	<u>(163,839)</u>	<u>320,774</u>
Balances at December 31, 2018	<u>\$ 3,358,964</u>	<u>\$ 3,067,025</u>	<u>\$ 291,939</u>
Plan fiduciary net position as a percentage of total pension liability			<u>91%</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) calculated using the discount rate of 7.25% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Police Pension Plan:			
Net pension liability (asset)	\$ 392,977	\$ (157,641)	\$ (620,448)
Non-Uniformed Pension Plan:			
Net pension liability (asset)	\$ 624,773	\$ 291,939	\$ 5,515

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the governmental activities recognized pension expense of \$334,618. At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 714,500	\$ -
Differences between expected and actual experience	-	708,809
	<u>\$ 714,500</u>	<u>\$ 708,809</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

	<u>Total</u>
Year Ended December 31	
2019	\$ 102,456
2020	(15,566)
2021	(14,988)
2022	96,396
2023	(86,955)
Thereafter	<u>(75,652)</u>
	<u>\$ 5,691</u>

Discretely Presented Municipal Authority

Plan Description

The Authority sponsors a single-employer defined benefit pension plan for its employees, which is funded solely by the employer

Plan Membership

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

Active plan members	16
Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to, but not yet receiving benefits	<u>2</u>
Total	<u><u>23</u></u>

Benefits Provided

All full-time employees who have completed three years of service at any January 1st are eligible to participate in the plan. Participants are eligible for retirement benefits at age 62. Accrued benefits are 100% vested after ten full years of service. The plan provides retirement benefits

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

to plan members and their beneficiaries. Benefit provisions are established and may be amended by the Authority and approved through the union agreement. The pension amount will be 38% of the participant's average annual earnings with the amount being reduced by 1/26th for each year of service at 62 less than 26 years. The Authority's policy is to fund normal service cost currently.

Financial Reports

The Authority does not issue stand-alone financial reports for its pension plans; however, the Authority's separately issued financial statements include disclosures on pension plan investments. As such, pension plan investment disclosures for the Authority are not disclosed herein.

Contributions

Act 205 requires that annual contributions be based upon the calculation of the MMO. The MMO calculation is based upon the biennial actuarial valuation also required by Act 205. Employees are not required to contribute under Act 205. For the year ended December 31, 2018, the Authority's contribution was \$188,081 and the average contribution rate was 19.82 percent of annual payroll.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.62)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing accounts actually received.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2018, the Authority reported a liability of \$683,472 in the statement of net position. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was based upon the actuarial valuation of January 1, 2019. For the year ended December 31, 2018, the Authority recognized pension expense of \$223,841.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

The changes in the total pension liability, the plan fiduciary net position, and the net pension liability as of December 31, 2018 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at December 31, 2017	\$ 3,107,531	\$ 2,625,100	\$ 482,431
Changes for the year:			
Service cost	65,483	-	65,483
Interest	204,101	-	204,101
Change in assumptions	(7,906)	-	(7,906)
Differences between expected and actual experience	(17,424)	-	(17,424)
Contributions - employer	-	188,081	(188,081)
Net investments loss	-	(123,614)	123,614
Benefit payments, including refunds of member contributions	(60,925)	(60,925)	-
Administrative expenses	-	(21,254)	21,254
Net changes	183,329	(17,712)	201,041
Balances at December 31, 2018	<u>\$ 3,290,860</u>	<u>\$ 2,607,388</u>	<u>\$ 683,472</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>79.23%</u>

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

At December 31, 2018, the Authority reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,446	\$ 21,646
Difference in assumption change	213,933	14,364
Net difference between projected and actual earnings on pension plan investments	145,758	-
	<u>\$ 364,137</u>	<u>\$ 36,010</u>

The amounts reported as deferred outflows and inflows of resources related to pensions at December 31, 2018 will be recognized in pension expense as follows:

Year Ended December 31	Amount
2019	\$ 109,475
2020	82,718
2021	80,983
2022	54,951
	<u>\$ 328,127</u>

Actuarial Methods and Assumptions

Valuation Date:	1/1/19
Actuarial Cost Method:	Entry age normal
Actuarial Asset Valuation Method:	Market value
Amortization Method:	Level Dollar Closed
Amortization Period:	Amortization periods in Act 205
Actuarial Assumptions:	
• Investment rate of return:	6.50%
• Projected salary increases:	3.50%
• Includes inflation at:	N/A
Post-retirement benefit increases:	None

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Mortality rates were based on the sex distinct RP-2014 Employee, Health Annuitant and Disabled Retiree Mortality Tables projected with scale MP-2018. This assumption was changed from scale MP-2017 during the year

The actuarial assumptions used in the January 1, 2019 valuation were based on actual experience study for the period January 1, 2018 through December 31, 2018.

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 pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Authority. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic and internal equities	65%	5.5%
Fixed income	35%	1.5%
Real estate	0%	4.0%
Cash	0%	0.0%
*Net of expected inflation of 2.5% per annum	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Authority's net pension liability	<u>\$ 1,070,788</u>	<u>\$ 683,472</u>	<u>\$ 355,484</u>

9. Risk Management

Borough

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough purchases commercial insurance coverage for these types of losses, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In addition, the Borough provides unemployment compensation coverage through a risk pool sponsored by the Pennsylvania State Association of Boroughs (PSAB).

Discretely Presented Municipal Authority

The Authority is part of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). This trust consists of a group of municipalities that have pooled their interests together in order to establish a self-funded insurance plan in order to better control insurance rates. The Authority pays a premium to PMHIC that consists of a portion for actual claim expenses, administrative costs, reinsurance costs, and a reserve account. At year end, the actual claims of the Authority are reviewed and the reserve account is used to fund any excess claims for the Authority over the premiums paid during the year. If any funds remain in the reserve account, 15% of the total reserve balance could possibly be used to fund claim overages of the trust. A reinsurance policy is used to pay any additional excess claims. Therefore, the expense recognized by the Authority is limited to the premiums incurred during the year. Any potential refund of the reserve account

BOROUGH OF GETTYSBURG

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YEAR ENDED DECEMBER 31, 2018

is calculated and received by the Authority several months after year end. Total payments by the Authority to PMHIC for the year ended December 31, 2018 were \$552,286. The Authority also received refunds from PMHIC in the amount of \$163,755 during the year ended December 31, 2018.

10. Commitments and Contingencies

Borough

The Borough is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Borough. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Borough.

The Borough is involved with various lawsuits in the normal course of operations. Managements believes that losses resulting from these matters, if any, would be substantially covered under the Borough's professional liability insurance policy and would not have a material effect on the financial position of the Borough.

Discretely Presented Municipal Authority

During 2017, the Authority issued Revenue Bonds to provide financial assistance to Gettysburg College (College). Bonds are issued by the Authority and then the Authority assigns all rights, title, and interest in, and all sums payable by the entity to the bond holders. The bonds are fully secured by the College. The Authority is not obligated in any manner for repayment of the debt. Consequently, this debt and the corresponding receivable are not reflected in these financial statements. As of December 31, 2018, the outstanding bond balance under the conduit debt arrangement with Gettysburg College was \$19,860,000.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

11. Governmental Funds – Fund Balance

The following table provides details of the fund balance classifications which are aggregated on the governmental funds balance sheet:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepays	\$ 198,066	\$ -	\$ -	\$ 198,066
Inventory	5,598	-	-	5,598
Total nonspendable	203,664	-	-	203,664
Restricted for:				
PML conference	17,000	-	-	17,000
Housing and redevelopment	-	-	329,866	329,866
Future capital expenditures	-	121,184	257,051	378,235
Unspent bond proceeds	-	1,139,440	-	1,139,440
Company K maintenance	-	-	7,035	7,035
Highway Department	-	-	503,003	503,003
Community development	-	-	1,072	1,072
Police Department	10,342	-	-	10,342
Fire Department	-	-	2,521	2,521
Total restricted	27,342	1,260,624	1,100,548	2,388,514
Committed for:				
Debt service payments	-	-	348,573	348,573
Assigned for:				
Capital improvements	94,015	-	-	94,015
Technology upgrades	22,755	-	-	22,755
PML sponsorship	15,000	-	-	15,000
Debt service payments	3,945	-	-	3,945
Total assigned	135,715	-	-	135,715
Unassigned	1,370,471	-	-	1,370,471
Total fund balances	\$ 1,737,192	\$ 1,260,624	\$ 1,449,121	\$ 4,446,937

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

12. Rental Income

The Authority has several leases with cell phone companies to lease space on water towers for the placement of cell phone antennas. Rental income from these leases was \$130,891 for the year ended December 31, 2018.

Minimum rental income, assuming renewals, under long-term leases for the next five years is as follows:

Year	Amount
2019	\$ 134,050
2020	137,304
2021	140,906
2022	147,179
2023	150,734
	<u>\$ 710,173</u>

13. Construction Commitments

During the year ended December 31, 2018, the Borough entered into a construction contract for the Stratton Street storm sewer improvements project in the amount of \$751,014. The commitment remaining on the contract at December 31, 2018 was \$281,066.

14. Legal Matters

The Borough is currently involved in legal matters. At this point, it is not possible to determine the outcome of these issues, but it is the opinion of management that it will have no material effect on the Borough's financial statements.

15. Subsequent Event

Subsequent to the year ended December 31, 2018, the Borough approved various construction contracts approximating \$1,226,000.

BOROUGH OF GETTYSBURG

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

16. Restatement

During the year ended December 31, 2018, the Borough determined that capital assets were understated at December 31, 2017 by \$499,155. The beginning of year governmental activities net position has been increased from \$10,073,495 to \$10,572,650. Had the capital assets been properly stated, the change in net position for the governmental activities would have been \$376,103 for the year ended December 31, 2017, \$499,155 more than originally reported.

**REQUIRED SUPPLEMENTARY
INFORMATION**

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION -

SCHEDULE OF CHANGES IN THE NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:					
Service cost	\$ 122,656	\$ 117,374	\$ 123,514	\$ 118,195	\$ 122,154
Interest	317,692	306,543	341,605	326,156	322,548
Benefit payments, including refunds	(291,505)	(259,322)	(257,206)	(215,937)	(205,296)
Difference between expected and actual experience	-	(684,337)	-	(180,363)	-
Net Changes in Total Pension Liability	148,843	(519,742)	207,913	48,051	239,406
Total Pension Liability - Beginning	4,405,056	4,924,798	4,716,885	4,668,834	4,429,428
Total Pension Liability - Ending (a)	<u>\$ 4,553,899</u>	<u>\$ 4,405,056</u>	<u>\$ 4,924,798</u>	<u>\$ 4,716,885</u>	<u>\$ 4,668,834</u>
Plan Fiduciary Net Position:					
Contributions	\$ 111,208	\$ 105,830	\$ 117,676	\$ 197,349	\$ 151,760
Net investment income (loss)	(237,016)	613,098	213,509	(31,878)	278,871
Benefit payments, including refunds	(291,505)	(259,322)	(257,206)	(215,937)	(205,296)
Administrative expense	(38,303)	(42,187)	(42,488)	(42,350)	(42,321)
Net Change in Plan Fiduciary Net Position	(455,616)	417,419	31,491	(92,816)	183,014
Plan Fiduciary Net Position - Beginning	5,167,156	4,749,737	4,718,246	4,811,062	4,628,048
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,711,540</u>	<u>\$ 5,167,156</u>	<u>\$ 4,749,737</u>	<u>\$ 4,718,246</u>	<u>\$ 4,811,062</u>
Net Pension (Asset) Liability - Ending (a-b)	<u>\$ (157,641)</u>	<u>\$ (762,100)</u>	<u>\$ 175,061</u>	<u>\$ (1,361)</u>	<u>\$ (142,228)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.46%	117.30%	96.45%	100.03%	103.05%
Covered Payroll	<u>\$ 672,264</u>	<u>\$ 676,810</u>	<u>\$ 760,000</u>	<u>\$ 853,776</u>	<u>\$ 746,554</u>
Net Pension (Asset) Liability as a Percentage of Covered Payroll	<u>-23.45%</u>	<u>-112.60%</u>	<u>23.03%</u>	<u>-0.16%</u>	<u>-19.05%</u>

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION -

SCHEDULE OF CHANGES IN THE NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN

	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:					
Service cost	\$ 72,532	\$ 69,575	\$ 70,435	\$ 67,564	\$ 73,822
Interest	232,053	220,493	223,438	211,228	189,684
Difference between expected and actual experience	-	(214,271)	-	145,596	-
Benefit payments, including refunds	(147,650)	(119,498)	(119,215)	(107,282)	(104,098)
Net Changes in Total Pension Liability	156,935	(43,701)	174,658	317,106	159,408
Total Pension Liability - Beginning	3,202,029	3,245,730	3,071,072	2,753,966	2,594,558
Total Pension Liability - Ending (a)	\$ 3,358,964	\$ 3,202,029	\$ 3,245,730	\$ 3,071,072	\$ 2,753,966
Plan Fiduciary Net Position:					
Contributions	\$ 162,477	\$ 140,573	\$ 145,566	\$ 154,815	\$ 103,089
Net investment income (loss)	(153,149)	373,527	126,642	(18,771)	157,797
Benefit payments, including refunds	(147,650)	(119,498)	(119,215)	(107,282)	(104,098)
Administrative expense	(25,517)	(30,865)	(24,489)	(29,667)	(27,054)
Net Change in Plan Fiduciary Net Position	(163,839)	363,737	128,504	(905)	129,734
Plan Fiduciary Net Position - Beginning	3,230,864	2,867,127	2,738,623	2,739,528	2,609,794
Plan Fiduciary Net Position - Ending (b)	\$ 3,067,025	\$ 3,230,864	\$ 2,867,127	\$ 2,738,623	\$ 2,739,528
Net Pension (Asset) Liability - Ending (a-b)	\$ 291,939	\$ (28,835)	\$ 378,603	\$ 332,449	\$ 14,438
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.31%	100.90%	88.34%	89.17%	99.48%
Covered Payroll	\$ 895,127	\$ 832,974	\$ 900,000	\$ 899,614	\$ 744,694
Net Pension (Asset) Liability as a Percentage of Covered Payroll	32.61%	-3.46%	42.07%	36.95%	1.94%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION -

SCHEDULE OF BOROUGH CONTRIBUTIONS AND INVESTMENT RETURNS - POLICE PENSION PLAN

	2018*	2017*	2016 *	2015 *	2014 *
Schedule of Borough Contributions					
Actuarially determined contribution under Act 205	\$ 111,208	\$ 105,830	\$ 117,676	\$ 197,349	\$ 151,760
Contributions in relation to the actuarially determined contribution	111,208	105,830	117,676	197,349	151,760
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 672,264	\$ 676,810	\$ 760,000	\$ 853,776	\$ 746,554
Contributions as a percentage of covered payroll	16.54%	15.64%	15.48%	23.11%	20.33%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.59%	12.91%	4.53%	-0.68%	6.15%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Borough is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION -

SCHEDULE OF BOROUGH CONTRIBUTIONS AND INVESTMENT RETURNS - NON-UNIFORMED PENSION PLAN

	2018*	2017*	2016 *	2015 *	2014 *
Schedule of Borough Contributions					
Actuarially determined contribution under Act 205	\$ 162,477	\$ 140,573	\$ 145,566	\$ 154,815	\$ 103,089
Contributions in relation to the actuarially determined contribution	162,477	140,573	145,566	154,815	103,089
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 895,127	\$ 832,974	\$ 900,000	\$ 899,614	\$ 744,694
Contributions as a percentage of covered payroll	18.15%	16.88%	16.17%	17.21%	13.84%
Investment Returns					
Annual money-weighted rate of return, net of investment expense	-4.74%	13.03%	4.62%	-0.82%	6.14%

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See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION -

SCHEDULE OF CHANGES IN THE NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - GETTYSBURG MUNICIPAL AUTHORITY PENSION PLAN

	2018*	2017*	2016*	2015*	2014*
Total Pension Liability:					
Service cost	\$ 65,483	\$ 63,435	\$ 58,261	\$ 66,623	\$ 47,674
Interest	204,101	193,185	153,530	138,255	129,126
Difference between expected and actual experience	(17,424)	7,410	(15,414)	84,260	(1,592)
Changes in assumptions	(7,906)	(13,399)	427,866	-	-
Benefit payments, including refunds of member contributions	(60,925)	(112,881)	(35,932)	(34,671)	(34,761)
Net Changes in Total Pension Liability	183,329	137,750	588,311	254,467	140,447
Total Pension Liability - Beginning	3,107,531	2,969,781	2,381,470	2,127,003	1,986,556
Total Pension Liability - Ending (a)	\$ 3,290,860	\$ 3,107,531	\$ 2,969,781	\$ 2,381,470	\$ 2,127,003
Plan Fiduciary Net Position:					
Contributions	\$ 188,081	\$ 130,176	\$ 131,442	\$ 146,154	\$ 145,425
Net investment income (loss)	(123,614)	355,125	128,680	(2,542)	109,317
Benefit payments, including refunds	(60,925)	(112,881)	(35,932)	(34,671)	(34,671)
Administrative expense	(21,254)	(19,012)	(16,782)	(16,145)	(14,628)
Net Change in Plan Fiduciary Net Position	(17,712)	353,408	207,408	92,796	205,443
Plan Fiduciary Net Position - Beginning	2,625,100	2,271,692	2,064,284	1,971,488	1,766,045
Plan Fiduciary Net Position - Ending	\$ 2,607,388	\$ 2,625,100	\$ 2,271,692	\$ 2,064,284	\$ 1,971,488
Net Pension Liability - Ending (a-b)	\$ 683,472	\$ 482,431	\$ 698,089	\$ 317,186	\$ 155,515
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.23%	84.48%	76.49%	86.68%	92.69%
Covered Payroll	\$ 949,111	\$ 980,371	\$ 964,800	\$ 1,007,800	\$ 925,038
Net Pension Liability as a Percentage of Covered Payroll	72.01%	49.21%	72.36%	31.47%	16.81%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - GETTYSBURG MUNICIPAL AUTHORITY PENSION PLAN

	2018*	2017*	2016 *	2015 *	2014 *	2013	2012	2011	2010	2009
Schedule of Authority Contributions										
Actuarially determined contribution under Act 205	\$ 188,081	\$ 130,176	\$ 131,442	\$ 146,154	\$ 145,425	\$ 145,733	\$ 137,430	\$ 126,134	\$ 114,727	\$ 74,680
Contributions in relation to the actuarially determined contribution	188,081	130,176	131,442	146,154	145,425	145,733	137,430	240,861	-	74,680
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (114,727)	\$ 114,727	\$ -
Covered payroll	\$ 949,111	\$ 980,371	\$ 964,800	\$ 1,007,800	\$ 925,038	\$ 962,847	\$ 929,486	\$ 888,118	\$ 808,493	\$ 703,354
Contributions as a percentage of covered payroll	19.82%	13.28%	13.62%	14.50%	15.72%	15.14%	14.79%	14.20%	14.19%	10.62%
Investment Returns										
Annual money-weighted rate of return, net of investment expense	-4.62%	15.64%	6.08%	-0.95%	5.20%					

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying note to required supplementary information - pension plans.

BOROUGH OF GETTYSBURG

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLANS

1. Actuarial Methods and Assumptions

Borough

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the Police Plan and Non-Uniformed Plan required under Act 205 are as follows:

	Police Plan	Non-Uniformed Plan
Actuarial valuation date	1/1/2017	1/1/2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	N/A	3 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	4.50%	4.25%
Underlying inflation rate	2.25%	2.25%
Mortality table	Blue Collar RP2000 mortality table	RP2000 mortality table

Changes in Actuarial Assumptions

In the January 1, 2017 actuarial valuations, the remaining amortization periods were updated from 4 years to 3 years for the Non-Uniformed Plan.

BOROUGH OF GETTYSBURG

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLANS

Gettysburg Municipal Authority

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the Pension Plan required under Act 205 are as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	Based upon amortization periods in Act 205
Asset valuation method	Market value
Inflation	Based on long-term historical average rates
Salary increases	3.50%
Investment rate of return	6.50%
Retirement age	62
Mortality	Based on RP-2014 with Scale MP-2017

Changes in Actuarial Assumptions

In the January 1, 2019 actuarial valuation, the mortality projection scale was changed from MP-2017 to MP-2018 to reflect the latest mortality projection scale published by the Society of Actuaries.

BOROUGH OF GETTYSBURG
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$3,000,458	\$3,000,458	\$ 3,107,597	\$ 107,139
Licenses and permits	97,655	97,655	97,287	(368)
Fines and forfeits	207,300	207,300	200,278	(7,022)
Interest earnings	1,300	1,300	2,048	748
Intergovernmental	379,500	379,500	390,515	11,015
Charges for services	1,093,665	1,093,665	1,212,441	118,776
Donations	5,000	5,000	11,426	6,426
Miscellaneous	23,000	23,000	41,850	18,850
Total revenues	4,807,878	4,807,878	5,063,442	255,564
Expenditures:				
Current:				
General government	746,817	752,726	779,629	(26,903)
Public safety	1,893,605	1,877,819	1,914,777	(36,958)
Health and welfare	1,250	1,250	1,310	(60)
Public works	1,411,641	1,411,518	1,354,345	57,173
Culture and recreation	86,937	86,937	88,473	(1,536)
Community development	30,000	40,000	40,000	-
Debt service:				
Principal	-	-	40,109	(40,109)
Interest	-	-	2,546	(2,546)
Total expenditures	4,170,250	4,170,250	4,221,189	(50,939)
Excess (Deficiency) of Revenues Over (Under) Expenditures	637,628	637,628	842,253	204,625
Other Financing Sources (Uses):				
Proceeds from sale of assets	-	-	110	110
Transfers out	(637,628)	(637,628)	(706,649)	(69,021)
Total other financing sources (uses)	(637,628)	(637,628)	(706,539)	(68,911)
Net Change in Fund Balance	\$ -	\$ -	\$ 135,714	\$ 135,714

See accompanying notes to budgetary comparison schedule.

BOROUGH OF GETTYSBURG

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

1. Budgetary Basis of Accounting

An annual generally accepted accounting principles basis budget is adopted for the General Fund.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

	<u>Appropriation</u>	<u>Expenditures</u>
General government	\$ 752,726	\$ 779,629
Public safety	1,877,819	1,914,777
Health and welfare	1,250	1,310
Culture and recreation	86,937	88,473
Debt service	-	42,655

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund and excess revenues.

SUPPLEMENTARY INFORMATION

BOROUGH OF GETTYSBURG

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (NONMAJOR)

DECEMBER 31, 2018

	Highway Aid Fund	Capital Reserve Fund	Company K Fund	Fire Tax Fund	Debt Service Fund	Small Communities Program Fund	Revolving Loan Fund	Total Other Governmental Funds
Assets								
Cash and cash equivalents	\$ 353,654	\$ 101,981	\$ -	\$ 545	\$ 198,573	1,072	\$ 73,907	\$ 729,732
Investments	150,000	150,000	-	-	150,000	-	255,959	705,959
Restricted investments	-	-	7,035	-	-	-	-	7,035
Taxes receivable, net	-	-	-	7,848	-	-	-	7,848
Due from other funds	-	5,070	-	503	-	-	-	5,573
Total Assets	\$ 503,654	\$ 257,051	\$ 7,035	\$ 8,896	\$ 348,573	\$ 1,072	\$ 329,866	\$ 1,456,147
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	\$ 651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 651
Total Liabilities	651	-	-	-	-	-	-	651
Deferred Inflows of Resources:								
Unavailable tax revenue	-	-	-	6,375	-	-	-	6,375
Total Deferred Inflows of Resources	-	-	-	6,375	-	-	-	6,375
Fund Balance:								
Restricted	503,003	257,051	7,035	2,521	-	1,072	329,866	1,100,548
Committed	-	-	-	-	348,573	-	-	348,573
Total Fund Balance	503,003	257,051	7,035	2,521	348,573	1,072	329,866	1,449,121
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 503,654	\$ 257,051	\$ 7,035	\$ 8,896	\$ 348,573	\$ 1,072	\$ 329,866	\$ 1,456,147

BOROUGH OF GETTYSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS (NONMAJOR)

YEAR ENDED DECEMBER 31, 2018

	Highway Aid Fund	Capital Reserve Fund	Company K Fund	Fire Tax Fund	Debt Service Fund	Small Communities Program Fund	Revolving Loan Fund	Total Other Governmental Funds
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ 125,614	\$ -	\$ -	\$ -	\$ 125,614
Licenses and permits	-	5,070	-	-	-	-	-	5,070
Investment earnings	810	437	14	-	217	2	4,120	5,600
Intergovernmental	198,618	-	-	-	-	87,239	-	285,857
Miscellaneous	903	-	-	-	13,973	-	-	14,876
Total revenues	<u>200,331</u>	<u>5,507</u>	<u>14</u>	<u>125,614</u>	<u>14,190</u>	<u>87,241</u>	<u>4,120</u>	<u>437,017</u>
Expenditures:								
Current:								
Public safety	-	-	-	173,652	-	-	-	173,652
Public works	95,794	201,365	-	-	-	-	-	297,159
Community development	-	-	-	-	-	87,512	-	87,512
Debt service:								
Principal	-	29,580	-	-	537,834	-	-	567,414
Interest	-	-	-	-	151,294	-	-	151,294
Total expenditures	<u>95,794</u>	<u>230,945</u>	<u>-</u>	<u>173,652</u>	<u>689,128</u>	<u>87,512</u>	<u>-</u>	<u>1,277,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>104,537</u>	<u>(225,438)</u>	<u>14</u>	<u>(48,038)</u>	<u>(674,938)</u>	<u>(271)</u>	<u>4,120</u>	<u>(840,014)</u>
Other Financing Sources (Uses):								
Capital lease	-	137,423	-	-	-	-	-	137,423
Transfers in	-	-	-	-	706,649	-	-	706,649
Total other financing sources (uses)	<u>-</u>	<u>137,423</u>	<u>-</u>	<u>-</u>	<u>706,649</u>	<u>-</u>	<u>-</u>	<u>844,072</u>
Net Change in Fund Balance	<u>104,537</u>	<u>(88,015)</u>	<u>14</u>	<u>(48,038)</u>	<u>31,711</u>	<u>(271)</u>	<u>4,120</u>	<u>4,058</u>
Fund Balance:								
Beginning of year	398,466	345,066	7,021	50,559	316,862	1,343	325,746	1,445,063
End of year	<u>\$ 503,003</u>	<u>\$ 257,051</u>	<u>\$ 7,035</u>	<u>\$ 2,521</u>	<u>\$ 348,573</u>	<u>\$ 1,072</u>	<u>\$ 329,866</u>	<u>\$ 1,449,121</u>