

**WEST HANOVER TOWNSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017
AND
INDEPENDENT AUDITOR'S REPORT**

WEST HANOVER TOWNSHIP
YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Fiduciary Net Position – Pension Trust and Agency Fund	26
Statement of Changes in Fiduciary Net Position Pension Trust Funds	27
Notes to Financial Statements	28-52
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – WSA G.O. Bond Fund	54
Other Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	56



HAMILTON & MUSSER, P.C.

Certified Public Accountants • Consultants to Management

DAVID A. HAMILTON, CPA • BARRY E. MUSSER, CPA, CFP®
JAMES A. KRIMMEL, MBA, CPA, CFE, CFF • ROBERT D. MAST, CPA • WILLIAM P. ASHMAN, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
West Hanover Township
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of West Hanover Township, Harrisburg, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Members of the American and Pennsylvania Institutes of CPAs

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of West Hanover Township, Harrisburg, Pennsylvania, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-19 and 53 - 54 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 West Hanover Township, Harrisburg, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

August 23, 2018

Mechanicsburg, Pennsylvania



Certified Public Accountants

MD&A INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of West Hanover Township's financial performance is prepared by the Township Manager and provides an overview of the Township's financial activities for the year ended December 31, 2017. Users of this report are encouraged to read the MD&A in conjunction with the auditor's report and the Township's financial statements, which follow this section.

Financial Highlights for 2017:

- The Township purchased a 2017 Peterbilt 348 truck with a total cost including, lettering and accessories, in the amount of \$127,816.
- Capital asset additions totaled \$251,361.
- Total assets for the primary Government decreased from \$34,537,896 as of December 31, 2016, to \$33,932,501 as of December 31, 2017.
- The assets of the primary Government in West Hanover Township exceeded its liabilities at the close of 2017 by \$24,563,321 (*total net position*).
- At the close of 2017, West Hanover Township's governmental funds reported a combined ending total fund balance of \$8,242,399 which is an \$864,235 increase from \$7,378,164 in 2016. Approximately 57% of this total, or \$4,724,246, is available for spending at the government's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements for West Hanover Township have three fundamental components which are:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of Township finances as a whole in a manner that is similar to a private sector business. Two components comprise the government-wide financial statements which are (a) the Statement of Net Position and (b) the Statement of Activities. These statements are defined below.

- Statement of Net Position – The Statement of Net Position presents information on all Township assets, deferred outflows, liabilities, and deferred inflows. Assets plus deferred outflows less liabilities and deferred inflows results in the Township's net position. Determined increases or decreases, over time, indicate the financial position of the Township. Increases reflect an improving financial position. Decreases reflect a declining financial position.
- Statement of Activities – The Statement of Activities presents information indicating how the Township's assets have changed in the past fiscal year. Certain changes in net position are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period such as uncollected income taxes and earned, but unused vacation leave.

Both of the government-wide financial statements listed above distinguish the functions of the Township's (a) governmental activities, which are principally supported by taxes and intergovernmental revenues, and (b) business-type activities, which are other functions that are intended to cover their costs primarily from user fees and charges. The governmental activities of the Township include general government, public health and safety, public works, park and recreation, community development and conservation, debt interest, etc. Business-type activities of the Township do not exist. However, the Township does reflect the Water and Sewer Authority as a Component Unit.

See Pages 20 and 21 of the financial report for the Township's government-wide statements.

Fund Financial Statements:

West Hanover Township utilizes fund accounting to demonstrate and ensure compliance with financial related legal requirements. A fund, by definition, is a set of interrelated accounts that record assets and liabilities related to a specific purpose. Fund accounting is useful for monitoring and maintaining control over resources that have been segregated for specific activities or objectives. All of the funds of the Township can be divided into three categories as (a) governmental funds, (b) proprietary funds, and (c) fiduciary funds.

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

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

West Hanover Township holds and maintains a variety of funds for a number of purposes. In 2017, the Township financial report details two major governmental funds that include the General Fund, and the Water and Sewer Authority General Obligation Bond Fund. Information for these major funds is presented in the Balance Sheet and also Statement of Revenues, Expenditures and Changes in Fund Balances. Supplemental schedules on pages 55 and 56 combine and describe all non-major funds.

West Hanover Township adopts an annual appropriated budget for its General Fund. A *budgetary comparison schedule* has been provided on page 53 for the General Fund to demonstrate compliance with the budget. In addition, individual fund data for the Water and Sewer Authority General Obligation Bond Fund is provided in the form of budgetary comparison schedules on page 54.

Fund Financial Statements (Continued):

- **Proprietary Funds** – There are two types of proprietary funds: *enterprise funds* and *internal service funds*. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. If undertaken, West Hanover may use enterprise funds to account for business-like activities operated by the Township (e.g. water utilities, wastewater/storm water utilities, a convention center, or a transit system). West Hanover Township does not currently have any enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. If undertaken, West Hanover could use internal service funds to account for activities that benefit the Township government (e.g. fleet of vehicles, information systems, risk management programs, etc.). Because internal service funds predominantly benefit the government rather than business-type functions, they would be included in the governmental activities in the government-wide financial statements. West Hanover Township currently does not use internal service funds.

The basic proprietary fund financial statements for the West Hanover Township Water and Sewer Authority are not reported in the Fund Financial Statements since the Authority is reported as a component unit of the Township and is discretely presented. Financial statements for the Authority may be obtained by contacting the Authority during regular business hours at (717) 540-0124.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. West Hanover Township currently has two fiduciary funds: the Senior Citizen Van Fund and the Pension Trust Fund. These two funds are reported separately after the fund statements.
- **Notes to Financial Statements** – Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28.

Government-wide Financial Analysis:

The following tables, graphs and analysis discuss the current and changing financial position for West Hanover Township as a whole for the year ended December 31, 2017. Comparative information is provided for 2016.

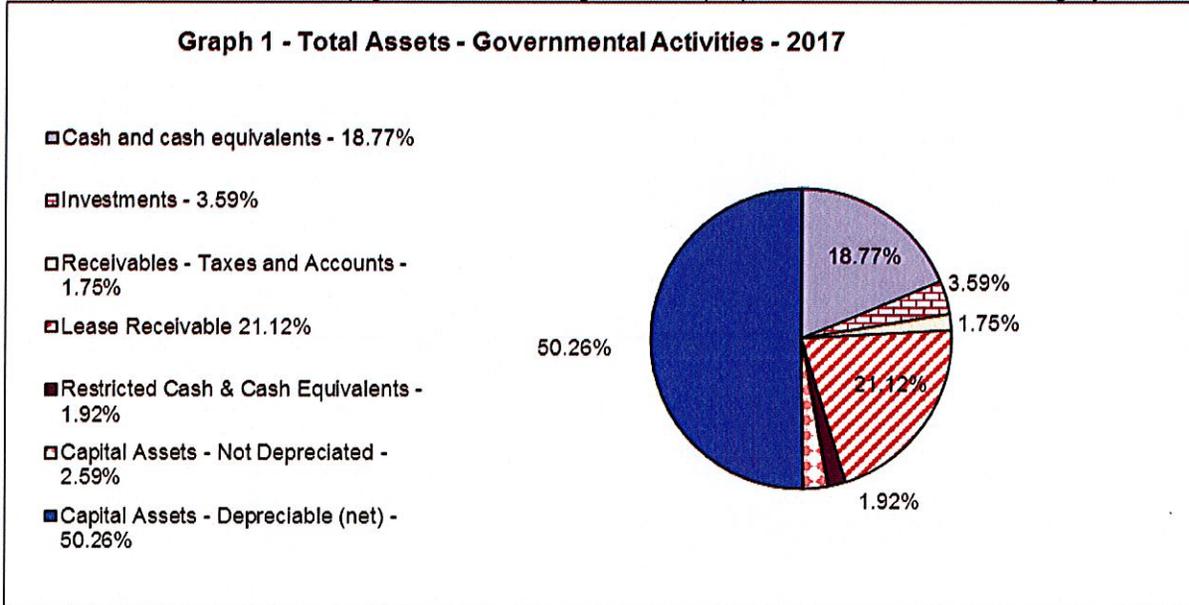
Statement of Net Position:

The Statement of Net Position provides a year-end summary of the Township's asset categories, liability categories and the net difference in these figures (page 20). Total assets exceed total liabilities by \$24,563,321 at the close of fiscal year 2017. Key components of this change are summarized in Table MDA – 1 as follows:

MDA -TABLE 1	West Hanover Township's Net Assets	
	2017	2016
<u>ASSETS</u>		
Capital assets, net	\$ 17,932,637	\$ 19,035,515
Other assets	<u>15,999,864</u>	<u>15,502,381</u>
Total assets	<u>33,932,501</u>	<u>34,537,896</u>
<u>LIABILITIES</u>		
Long-term liabilities	8,858,931	9,584,982
Other liabilities	<u>510,249</u>	<u>774,708</u>
Total liabilities	<u>9,369,180</u>	<u>10,359,690</u>
<u>NET POSITION</u>		
Net investment in capital assets	17,092,820	17,913,970
Restricted	1,743,273	1,708,207
Unrestricted	<u>5,727,228</u>	<u>4,556,029</u>
Total net position	<u>\$ 24,563,321</u>	<u>\$ 24,178,206</u>

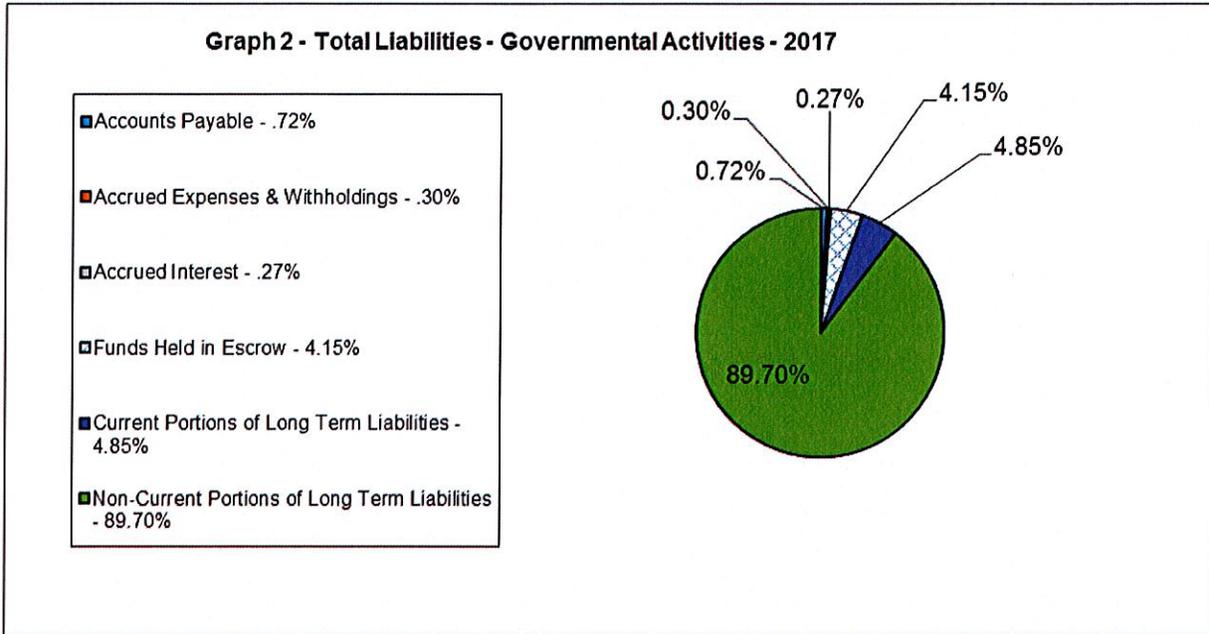
Capital assets (e.g. land, buildings, machinery and equipment), both depreciable and non-depreciable, totaled \$17,932,637. These assets represent the largest portion (50.26%) of the Township's total assets at December 31, 2017. West Hanover Township invests in and utilizes its capital assets to provide services to its citizens; consequently, these assets are not available for future spending. The Township investment in capital improvements and assets is reported on the Statement of Net Position, net of any related debt and equaled \$17,092,820 at year end.

Graph 1 illustrates all Township general asset categories and proportions for each asset category for 2017.



Statement of Net Position (Continued):

West Hanover Township also has liabilities that are part of its financial position. Liabilities equaled \$9,369,180 at the close of the 2017 fiscal year. Graph 2 illustrates the Township's general liability categories and the proportion of each liability for 2017. Liabilities due in more than one year (e.g. Non-Current Portion of Long Term Liabilities) represent the largest portion (89.70%) of the Township's total liabilities. Liabilities in this category include Township debt and accrued compensated absences. Other liabilities include accounts payable, accrued expenses and payroll taxes, accrued interest, and funds held in escrow.



The Statement of Net Position (page 20) provides the complete financial data to support Table 1, Graph 1, and Graph 2, and describes the total net position for West Hanover Township at December 31, 2017.

In addition to the net investment in capital assets discussed on the previous page, the net position of the Township is made up of resources that are subject to restrictions and other unrestricted amounts. As of December 31, 2017, the Township's restricted net position totaled \$1,743,273 and the unrestricted net position totaled \$5,727,228.

Governmental Activities:

The Township's governmental activities and changes to net position can be described in general terms through a comparison of operating revenues and operating expenditures in the Statement of Activities (page 21). Financial trends for Township operations are also available in more detail in the Township's annual budget and its monthly financial statements.

In 2017, the Township experienced a change in net position of \$385,115 from the previous year. Key components of this change are summarized in Table – 2 as follows:

MDA TABLE – 2	West Hanover Township's Changes in Net Position	
	2017	2016
REVENUES:		
Program Revenues		
Charges for Services	\$ 732,887	\$ 1,028,844
Operating Grants and Contributions	639,707	657,161
Capital Grants and Contributions	450,000	131,211
General Revenues		
General Property Taxes	1,206,855	1,185,143
Other Taxes	1,902,215	1,841,445
Interest Earnings	66,371	25,698
Insurance Claims	38,880	-
Total Revenues	<u>5,036,915</u>	<u>4,869,502</u>
EXPENSES:		
General Government	690,009	708,177
Community Development	217,363	200,999
Public Health & Safety	850,667	920,730
Public Works	2,175,204	2,013,203
Parks & Recreation	705,081	543,309
Interest on Long-Term Debt	13,476	35,545
Total Expenses	<u>4,651,800</u>	<u>4,421,963</u>
Increase in Net Position	385,115	447,539
Net Position-Beginning	<u>24,178,206</u>	<u>23,730,667</u>
Net Position-Ending	<u>\$ 24,563,321</u>	<u>\$ 24,178,206</u>

Governmental Activities: (Continued)

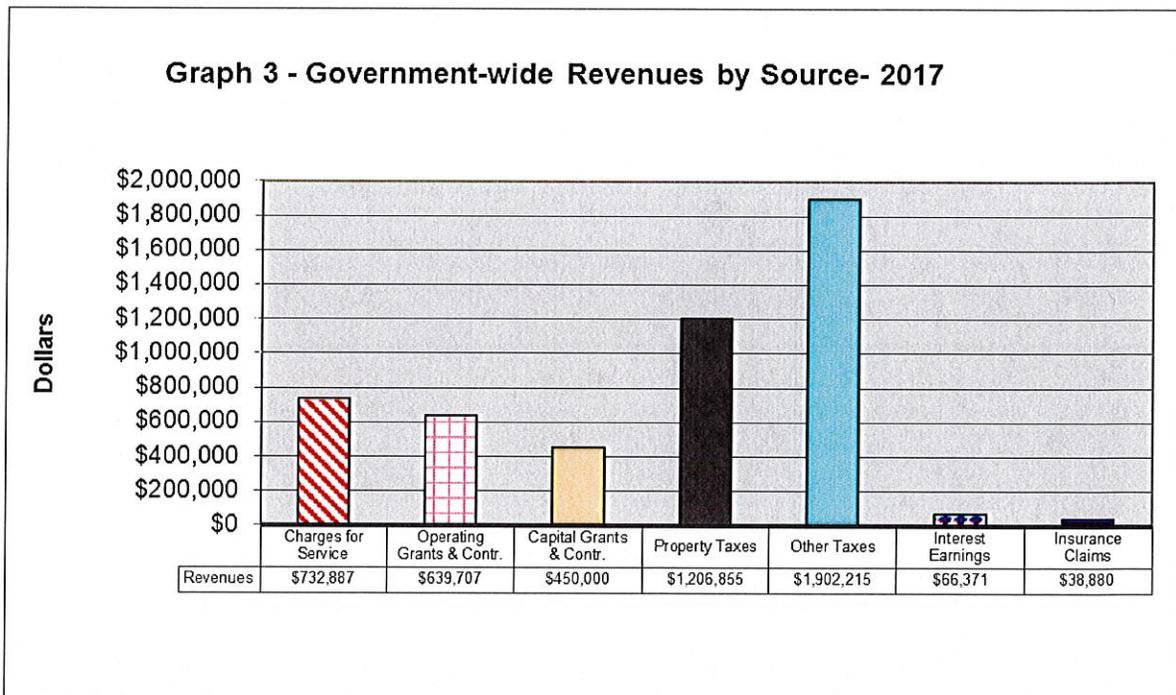
Revenues for Governmental Activities

Program Revenues – As shown in Table 2 and Graph 3 below, program revenues consist of charges for services, grants, and contributions. In 2017, charges for services and operating grants/contributions covered 15.15% and 13.23%, respectively, of the governmental activities expenses. Charges for services decreased by \$295,957 (28.77%) as compared to 2016. Operating grants/contributions decreased \$17,454 as compared to 2016. Capital grants/contributions increased by \$318,789 primarily due to variances in gaming grant funding. In 2017, the Township received \$450,000 from a gaming grant. In comparison, gaming grant proceeds in 2016 totaled \$0.

General Revenues encompass property taxes and similar tax revenue. This category of revenue also includes income from investments and revenue from the liquidation of Township capital assets. These forms of revenue are typically not restricted or applicable to a specific governmental activity or program.

In 2017, general revenues totaled \$3,214,321. Of that total, General Property Taxes accounted for \$1,206,855 of the Township's General Revenues in 2017. Other Taxes accounted for \$1,902,215 of General Revenue. Other items in this section include interest earnings of \$66,371 and insurance claims of \$38,880.

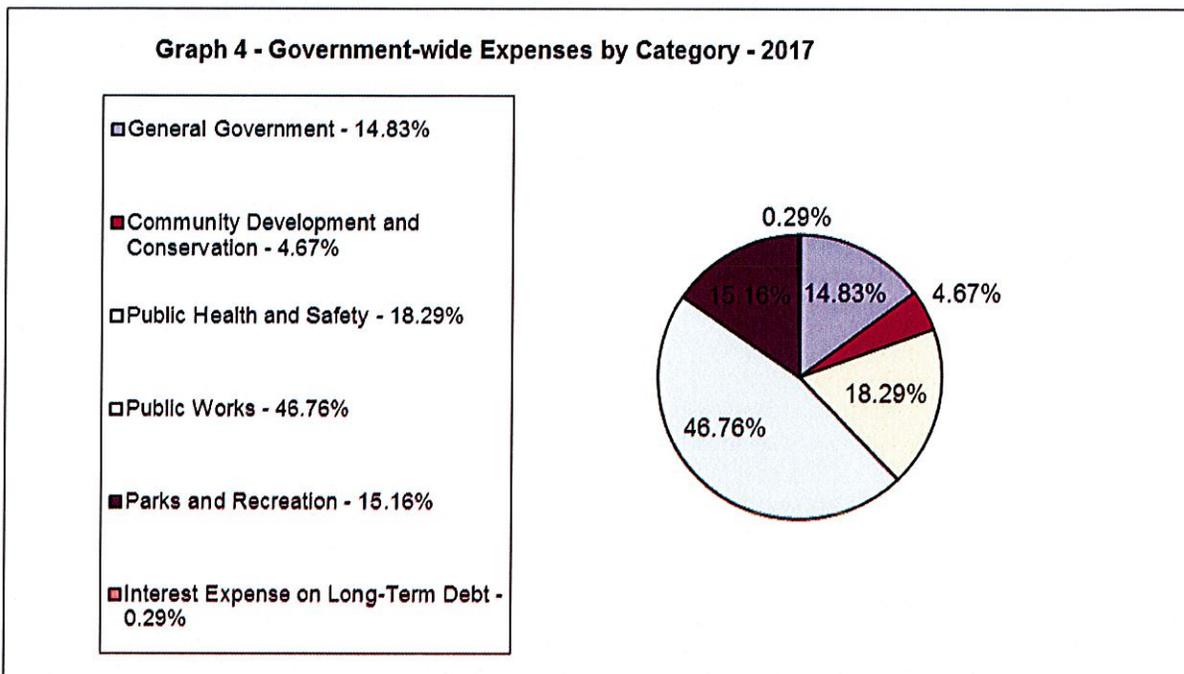
Revenues for Governmental Activities



Governmental Activities (continued):

Expenses for Governmental Activities

Table 2 and Graph 4 below illustrate each department's expenses in comparison to the total expenses of the Township's governmental activities. As a result of the growth and development in the community, the Township has had a growing demand for public services. Additionally, the Township is committed to improving public infrastructure and other programs. Public Works remained as the largest expense category (46.76%) with \$2,175,204 in total expenses in 2017. Public Health and Safety represented the second largest expense category at \$850,667 (18.29%). Parks and Recreation represented the third largest expense category at \$705,081 (15.16%). In 2017, General Government, which included general administration, insurance, and staff pension and benefit expenses, totaled \$690,009 and represented the fourth largest activity (14.83%).

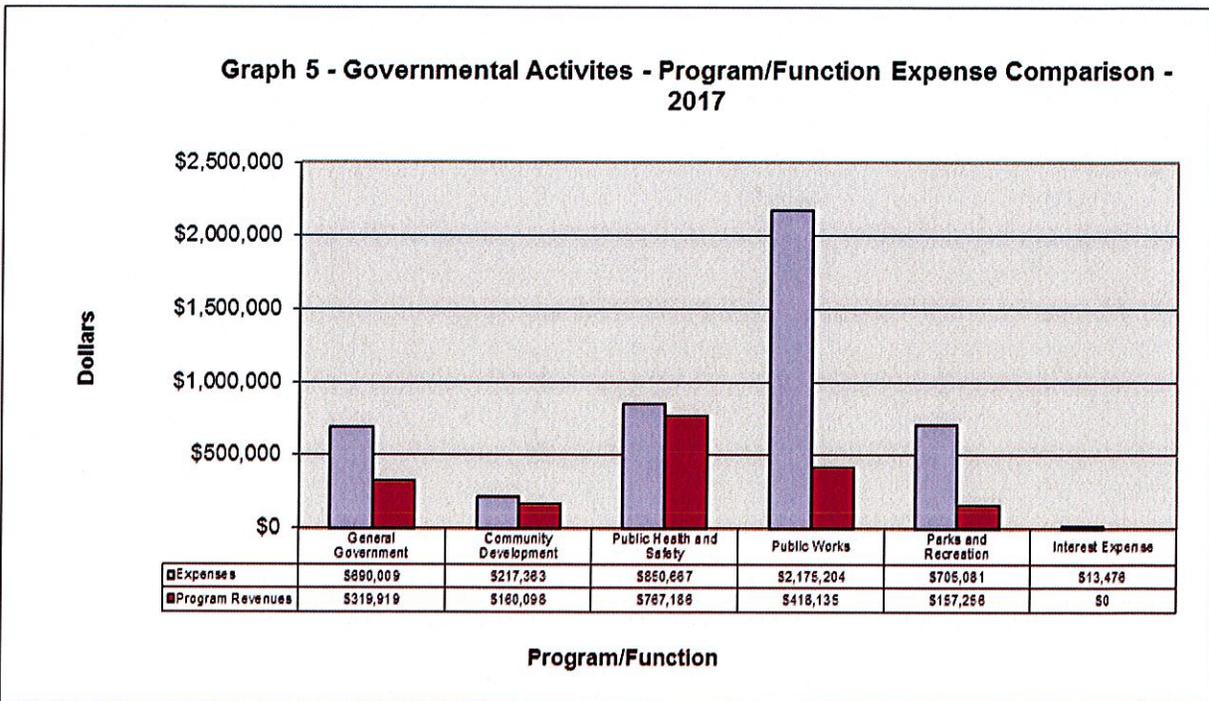


Governmental Activities (Continued):

Expense/Revenue Comparison

To demonstrate the extent to which the governmental functions produce revenues to offset program costs, Graph 5 is presented below to illustrate the functional revenues and expenses of each governmental activities area. Expenses not paid for by direct program revenues are paid primarily by local taxes, licenses, and shared revenues.

Public Works expenses required the most general revenue support, utilizing \$1,757,069 in 2017. General Government required \$370,090 in general revenue support. Other departments utilizing general revenues included Parks and Recreation which required \$547,825 in support, and Public Health and Safety which required \$83,481 in support.



Business-type Activities:

West Hanover Township does not have any true "business-type activities" reflected in the financial statements in 2017. Instead, the West Hanover Township Water and Sewer Authority (Authority) financial data is reflected as a Component Unit. Detailed changes in the Authority's business activities and changes to net position are also described in general terms through a comparison of operating revenues and operating expenditures in the Statement of Activities (page 21). Financial trends for the Authority operations are also available in more detail in the Authority's annual budget and financial statements. A copy of the audited financial statements may be requested from:

**The West Hanover Water and Sewer Authority
7901 Jonestown Road
Harrisburg, PA 17112**

FINANCIAL ANALYSIS OF TOWNSHIP FUNDS

As discussed earlier, West Hanover Township uses fund accounting to account for financial activities and demonstrate compliance with laws and regulations. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Balance Sheet on page 22 provides a detailed look at the Township's most significant activities. The sections below provide a discussion of the governmental, proprietary and fiduciary funds for West Hanover Township.

Governmental Funds - The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Township's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2017, the governmental funds of the Township reported a combined fund balance of \$8,242,399, which is an increase from \$7,378,164 in 2016.

The General Fund is the chief operating fund of the Township. At the end of 2017, the unassigned fund balance of the General Fund (page 22) was \$4,724,246 which is an increase from \$3,898,931 in 2016. The unassigned fund balance represents 85.88% of the total General Fund balance.

Water and Sewer Authority General Obligation Bond Fund is used to account for activity related to the General Obligation Bond Series 2011 debt. The fund was established in 2011 and had an ending restricted fund balance of \$2,171. The General Obligation Bond Series of 2015 was used to refund the Series of 2011 and this fund will continue to be used to account for the activity related to the Series of 2015.

FINANCIAL ANALYSIS OF TOWNSHIP FUNDS (CONTINUED)

Nonmajor Funds include the following other funds: Capital Reserve Fund, Building Fund, Street Light Fund, Exit 77 Fund, LST Fund, Hydrant Fund, Highway Aid Fund, Fire Tax Fund, and FILO Fund. The ending fund balance for all of the nonmajor funds totaled \$2,739,448 as of December 31, 2017. This is an increase of \$211,168 (8.35%) from 2016. Six of the nine funds experienced increases in fund balance. Fund balances of the other three funds decreased due to expenditures exceeding tax revenue, allocations and charges for services. Expenditures for those funds in 2017 included expenditures for road projects, and street light utilities.

Proprietary Funds: Financial data for the Township's Water and Sewer Authority is reported as a discretely presented component unit.

Fiduciary Funds: The Township has two Fiduciary Funds: the Senior Citizen Van Fund and the Pension Trust Fund.

The Senior Citizen Van Fund is used to monitor operating revenues, donations and expenditures for the Township's senior citizen van program. The Balance Sheet for this Agency Fund is located on page 26 of the financial statements.

The Pension Trust Fund is used to account for the change in plan net assets of the employees' retirement plan. The Pension Trust Fund had total assets of \$2,025,072 as of December 31, 2017. Detail for these investments can be found in Note 2 of the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

With assistance from Township department staff, the Township Manager develops and prepares the annual Township budget in accordance with the basic procedures for establishing the budget as outlined in Part 1 of the annual budget document. Following review and adjustment to the proposal, the Board of Supervisors approves the annual budget appropriations by resolution in accordance with the PA Second Class Township Code. Revisions that alter the capital improvement planning (Public Investment Plan) are presented to the Board of Supervisors for consideration and approval. Any necessary revisions that alter the fund appropriations of the General Fund or any fund are also presented to the Board of Supervisors for consideration and approval by resolution. Annual unused appropriations for all of the annually budgeted funds lapse at the end of the year, except for the unexpected balance of such appropriations where contracts are in the course of construction at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts for the purpose specified. All budget accounts and line items are categorized using the chart of accounts established by Pennsylvania State Association of Township Supervisors (PSATS) and the Pennsylvania Department of Community and Economic Development (DCED), as amended.

Budget Adjustments: During the fiscal year, the Township is permitted to revise the budget on multiple occasions, if necessary. Generally, budget amendments fall into one of several categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases and revisions in appropriations that become necessary to provide and maintain services. In 2017, the Board of Supervisors made no adjustments to the annual budget.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

2017 General Fund Budget Highlights:

Revenue: Total actual general fund revenues exceeded amounts budgeted by \$438,646. The largest revenue variance was due to an increase in earned income tax and transfer tax revenue which exceeded amounts anticipated. Of the total positive taxes variance of \$279,006, the variance attributable to earned income taxes equaled \$188,773. Actual transfer tax revenue exceeded expectations by \$41,897. Additionally, cable television franchise fees exceeded budget by \$24,517 and license and permit revenue exceed amounts budgeted by \$12,920.

Expenditures: The Township implemented cost cutting measures to control rising costs and keep expenditures in line with budgeted parameters. These measures were successful in keeping expenditures substantially below budget. Total general fund expenditures were \$1,002,228 below budget.

CAPITAL ASSETS

The West Hanover Township Public Investment Plan (PIP) describes the Township's capital improvement program for current and future years and presents a capital budget for the current year (2017). Compiled from adopted Township planning policies, staff and board recommendations, and various sources throughout the year, the PIP identifies major capital outlays, planning studies, design/engineering projects, major purchases and similar expenditures planned for future years to meet various needs of West Hanover Township.

As a project planning process partly separate from the general fund operating budget and other fund budgets, the annual PIP development process and current year capital budget also present sources of funding or means of funding/financing projects and acquisitions during the current fiscal period and beyond.

The PIP is organized in such a manner that capital projects are listed and outlined by each Township department and budget category. The PIP briefly describes each project proposal and specifies the estimated and/or actual financial resources necessary to finance the projected expenditures over a period of time. The PIP also reveals the anticipated funding source for projects as recommended by the Township Manager and staff and approved by the Board of Supervisors during the budget deliberations. Anticipated projects were funded in total or in part from Township operating and capital funds.

CAPITAL ASSETS (CONTINUED)

Capital Assets:

The Township's investment in capital assets at December 31, 2017, net of accumulated depreciation, amounted to \$17,932,637 a decrease of 5.79% from last year. In 2017, West Hanover Township fixed asset additions included new playground equipment; a new vehicle; and other equipment. Following is a summary of Capital Assets at December 31.

TABLE – MDA – 3 Summary of Capital Assets

	<u>2017</u>	<u>2016</u>
Capital Assets		
Land	\$ 738,261	\$ 738,261
Construction in Progress	140,840	140,840
Infrastructure	15,273,803	15,273,803
Buildings	7,327,133	7,327,133
Other Improvements	2,037,011	1,977,369
Machinery and Equipment	3,980,020	3,868,789
Total Capital Assets	<u>29,497,068</u>	<u>29,326,195</u>
Less accumulated depreciation for:		
Infrastructure	6,359,286	5,601,247
Buildings	1,504,294	1,318,004
Other Improvements	1,201,586	1,097,150
Machinery and Equipment	2,499,265	2,274,279
Total accumulated depreciation	<u>11,564,431</u>	<u>10,290,680</u>
Total Governmental Activities Capital Assets, net	<u>\$ 17,932,637</u>	<u>\$ 19,035,515</u>

More detailed information about the Township's Capital Assets can be found in Note 6 of Notes to Financial Statements.

LONG-TERM DEBT

At the end of 2017, West Hanover Township had outstanding Long-Term Debt of \$8,837,068. This debt is from (1) a Line of Credit, (2) an Emmaus Loan for construction of a new Fire Station, (3) an infrastructure bank loan, (4) a General Obligation Bond in 2015 for the West Hanover Water and Sewer Authority, and (5) Lease Payable for the purchase of a 2016 International Dump truck.

- (1) The Township approved the Line of Credit from Fulton Bank in the amount of \$1,430,000 for right-of-way acquisition and utility relocation in conjunction with the Interstate 81 Exit 77 construction project. At the end of 2017, the Township had a remaining balance due of \$333,814.
- (2) The Township issued a General Obligation Note-Series 2011, in the amount of \$2,880,000 to fund the construction of a new fire station located at 7624 Jonestown Road; Harrisburg, PA 17112 and pay issuance costs on the Note. As of December 31, 2017, the outstanding balance of the Note was \$770,000.
- (3) In 2014, the Township received \$825,000 for a Dauphin County Infrastructure Bank Loan for the Devonshire Heights Intersection Relocation Project. As of December 31, 2017, the outstanding balance of the loan was \$498,437.
- (4) The Township, on behalf of the Authority, issued a General Obligation Bond, Series of 2015 in the amount of \$7,510,000 to refund the General Obligation Bond, Series of 2011. Pursuant to a Subsidy Agreement between the West Hanover Sewer and Water Authority and the Township, the Authority has agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds from the receipts and revenues from the Authority's sewer system when they become due. The Township has pledged its full faith, credit and taxing power for the payment of the principal and interest on the bonds. The outstanding principal balance of the General Obligation Bond, Series of 2015 remaining at December 31, 2017 was \$7,165,000.
- (5) The Township entered into a lease payable in the amount of \$116,273 for the purchase of a 2016 International Dump Truck. As of December 31, 2017 the outstanding balance of the Lease was \$69,817.

TABLE – MDA – 4 Summary of Long -Term Debt

	<u>2017</u>	<u>2016</u>
Beginning Balance at 1/1	\$ 9,565,428	\$ 9,770,109
Additions	-	116,273
Principal retirement	<u>(728,360)</u>	<u>(320,954)</u>
Ending Balance 12/31	<u>\$ 8,837,068</u>	<u>\$ 9,565,428</u>

The Pennsylvania Local Government Debt Act formally establishes the legal limits of general obligation debt and other forms of debt the Township may incur in any given period. More detailed information regarding Township borrowing is available in the annual audit report and in formal documentation establishing the debt. The Township currently has an established credit rating of Aa3 by Moody's for general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

As the Township has grown, and the amount and complexity of county, state, and federal regulatory requirements has expanded, the Township's governmental organization of elected supervisors, volunteer boards and staff continues to work together to provide for the safety, health, and general welfare of its community.

The outlook for the 2018 economy and budget is much improved over recent years. Earned income taxes are a major source of revenue for the Township and are expected to be comparable to 2017. With the passage of Act 32 and its requirement to move to a county-wide tax collector, collections are now less confusing for employers. There are also signs of improvement in subdivision and land development projects with more activity at the planning commission level. Informal inquiries in the zoning office indicate preliminary plans for several more subdivisions throughout the Township. In addition, the Board of Supervisors continues to seek grant funds to support debt reduction and future capital expenditures.

CONTACTING THE TOWNSHIP REGARDING MANAGEMENT AND FINANCIAL REPORTS

This financial report is designed to provide a general overview of West Hanover Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**West Hanover Township
ATTN: Township Manager
7171 Allentown Blvd.
Harrisburg, PA 17112**

Other information regarding West Hanover Township and the programs and services provided by the Township may be found at the Township's website: www.westhanover.com

WEST HANOVER TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and Cash Equivalents	\$ 5,980,232	\$ 2,205,365
Escrow Deposits	389,180	14,833
Investments	1,219,423	4,000,000
Receivables		
Accounts	-	15,886
Taxes	455,857	-
Other	138,662	4,933
Sewer	-	94,956
Installment Agreements	-	-
Due from Primary Government	-	-
Lease Receivable	7,165,000	-
Restricted Cash and Cash Equivalents	651,510	-
Capital Assets Not Being Depreciated	879,101	534,860
Capital Assets, Net of Accumulated Depreciation	<u>17,053,536</u>	<u>14,701,046</u>
Total Assets	<u>\$ 33,932,501</u>	<u>\$ 21,571,879</u>
Liabilities		
Accounts Payable	\$ 67,383	\$ 47,501
Accrued Expenses and Withholdings	28,220	35,273
Accrued Interest	25,466	38,466
Funds Held in Escrow	389,180	14,833
Held for Debt Service	-	-
Due to Water and Sewer Authority	-	-
Current Portions of Long Term Liabilities:		
Loan Payable	82,040	-
Note Payable	65,000	-
Line of Credit	70,000	-
Bond Payable	215,000	485,000
Lease Payable	22,482	215,000
Non-Current Portions of Long Term Liabilities:		
Loan Payable	416,397	-
Note Payable	705,000	-
Line of Credit	263,814	-
Bond Payable	6,950,000	4,955,000
Lease Payable	47,335	6,950,000
Unamortized Bond Premiums and Discounts	-	41,189
Accrued Compensated Absences	<u>21,863</u>	<u>-</u>
Total Liabilities	<u>9,369,180</u>	<u>12,782,262</u>
Net Position		
Net Investment in Capital Assets	17,092,820	2,054,857
Restricted for:		
Capital improvements	650,630	-
Building improvements	110,094	-
Highway aid	517,988	-
Fire protection	410,085	-
Street light improvements	38,343	-
Hydrant expenses	16,133	-
Unrestricted	<u>5,727,228</u>	<u>6,734,760</u>
Total Net Position	<u>24,563,321</u>	<u>8,789,617</u>
Total Liabilities and Net Position	<u>\$33,932,501</u>	<u>\$21,571,879</u>

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

WEST HANOVER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Unit
Primary Government:						
Governmental Activities:						
General Government	\$ 690,009	\$ 304,930	\$ 14,989	\$ -	\$ (370,090)	\$ -
Community Development	217,363	155,572	4,526	-	(57,265)	-
Public Health and Safety	850,667	171,920	195,266	400,000	(83,481)	-
Public Works	2,175,204	3,355	414,780	-	(1,757,069)	-
Parks and Recreation	705,081	97,110	10,146	50,000	(547,825)	-
Interest on Long-Term Debt	13,476	-	-	-	(13,476)	-
Total Governmental Activities	4,651,800	732,887	639,707	450,000	(2,829,206)	-
Total Primary Government	\$ 4,651,800	\$ 732,887	\$ 639,707	\$ 450,000	\$ (2,829,206)	\$ -
Component Unit:						
West Hanover Township Water and Sewer Authority	\$ 1,754,238	\$ 2,403,077	\$ -	\$ 199,878	-	\$ 848,717
Total Component Unit	\$ 1,754,238	\$ 2,403,077	\$ -	\$ 199,878	-	\$ 848,717
General Revenues:						
Taxes:						
General Property Tax					1,206,855	-
Other Taxes					1,902,215	-
Interest Earnings					66,371	67,458
Insurance claims					38,880	-
Total General Revenues					3,214,321	67,458
Change in Net Position					385,115	916,175
Net Position - Beginning					24,178,206	7,816,327
Prior Period Adjustment (Note 15)						57,115
Net Position - Ending					\$ 24,563,321	\$ 8,789,617

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

WEST HANOVER TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	WSA G.O. Bond			Total Governmental Funds
	General Fund	Fund	Non-Major Funds	
Assets				
Cash and Cash Equivalents	\$ 3,518,153	\$ -	\$ 2,462,079	\$ 5,980,232
Escrow Deposits	389,180	-	-	389,180
Investments	987,136	-	232,287	1,219,423
Receivables				
Taxes	406,054	-	49,803	455,857
Other	55,412	2,171	83,250	140,833
Restricted Cash and Cash Equivalents	651,510	-	-	651,510
Due from Other Funds	965	-	7,166	8,131
Lease Receivable	-	7,165,000	-	7,165,000
Total Assets	\$ 6,008,410	\$ 7,167,171	\$ 2,834,585	\$ 16,010,166
Liabilities				
Accounts Payable	\$ 56,461	\$ -	\$ 10,922	\$ 67,383
Accrued Expenses and Withholdings	28,220	-	-	28,220
Due to Other Funds	7,166	-	965	8,131
Due to Water and Sewer Authority	-	7,165,000	-	7,165,000
Held for Debt Service	-	-	-	-
Funds Held in Escrow	389,180	-	-	389,180
Total Liabilities	481,027	7,165,000	11,887	7,657,914
Deferred Inflows of Resources				
Deferred taxes and other revenues	26,603	-	83,250	109,853
Total Deferred Inflows of Resources	26,603	-	83,250	109,853
Fund Balances				
Restricted	651,510	2,171	982,549	1,636,230
Committed	125,024	-	383,455	508,479
Assigned	-	-	1,373,444	1,373,444
Unassigned	4,724,246	-	-	4,724,246
Total Fund Balances	5,500,780	2,171	2,739,448	8,242,399
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,008,410	\$ 7,167,171	\$ 2,834,585	\$ 16,010,166

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

WEST HANOVER TOWNSHIP
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2017

Total fund balances for governmental funds		\$ 8,242,399
The total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital Assets, including Infrastructure assets, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		17,932,637
Amounts paid out of bond proceeds from accounts held at the Township on behalf of the component unit are reported as expenditures in the funds, but reduce amounts due to the component unit for the governmental activities. Interest income from unused proceeds are recorded as income in the funds, but increase amounts due to the component unit for the governmental activities.		(2,171)
Certain revenues (including delinquent property taxes) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are excluded from fund balances.		109,853
Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Balances at December 31, 2017 are:		
Accrued Interest	(25,466)	
Line of Credit	(333,814)	
Notes Payable	(770,000)	
Loan Payable	(498,437)	
Lease Payable	(69,817)	
Accrued Compensated Absences	(21,863)	
	(1,719,397)	(1,719,397)
Total net position of governmental activities		\$ 24,563,321

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

WEST HANOVER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General	WSA G.O. Bond Fund	Non-Major Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,574,006	\$ -	\$ 543,182	\$ 3,117,188
Licenses and Permits	171,920	-	-	171,920
Fines and Forfeitures	3,928	-	-	3,928
Interest and Investment Earnings	41,275	-	25,098	66,371
Intergovernmental	300,045	-	789,662	1,089,707
Charges for Services	532,956	-	3,240	536,196
Miscellaneous	20,843	-	-	20,843
Total Revenues	3,644,973	-	1,361,180	5,006,153
Expenditures				
Current:				
General Government	652,174	-	3,459	655,633
Community Development	217,363	-	-	217,363
Public Health and Safety	351,377	-	280,399	631,776
Public Works	950,360	-	455,025	1,405,385
Parks and Recreation	598,072	-	-	598,072
Debt Service				
Principal	103,360	-	530,000	633,360
Interest	6,080	-	33,129	39,209
Total Expenditures	2,878,786	-	1,302,012	4,180,798
Excess of Revenues Over (Under) Expenditures	766,187	-	59,168	825,355
Other Financing Sources (Uses)				
Operating Transfers In	-	-	152,000	152,000
Operating Transfers (Out)	(152,000)	-	-	(152,000)
Lease proceeds	-	-	-	-
Insurance Claims	38,880	-	-	38,880
Refund of Prior Year (Revenues) Expenditures	-	-	-	-
Total Other Financing Sources (Uses)	(113,120)	-	152,000	38,880
Net Change in Fund Balances	653,067	-	211,168	864,235
Fund Balances - January 1, 2017	4,847,713	2,171	2,528,280	7,378,164
Fund Balances - December 31, 2017	\$ 5,500,780	\$ 2,171	\$ 2,739,448	\$ 8,242,399

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

WEST HANOVER TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds \$ 864,235

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeds depreciation in the period is as follows:

Depreciation expense	(1,354,239)	
Capital outlays	251,361	(1,102,878)

Repayment of note principal and payments for other long-term obligations are expenditures in the governmental funds but reduce the liabilities in the Statement of Net Position. 633,360

Interest income from bond proceeds is reclassified in the governmental activities statements as amounts due to component unit. -

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the Statement of Activities, however, revenues are recorded regardless of when financial resources are available.

Change in deferred taxes:		
Real estate taxes		(8,118)

Governmental funds report loan proceeds as revenues. However, in the Statement of Activities, these financing sources are recorded as long-term liabilities -

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. The Statement of Activities, however, is presented on the accrual basis, and expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Change in accrued interest	825	
Change in compensated absences	(2,309)	(1,484)

Change in net position of governmental activities \$ 385,115

WEST HANOVER TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST AND AGENCY FUND
DECEMBER 31, 2017

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
Assets		
Cash	\$ -	\$ 45,234
Investments	2,025,072	-
Accounts Receivable	-	-
Total Assets	<u>\$ 2,025,072</u>	<u>\$ 45,234</u>
Liabilities		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Position		
Reserved for operations	-	45,234
Reserved for employees' pension benefits	2,025,072	-
Total Net Position	<u>2,025,072</u>	<u>45,234</u>
Total Liabilities and Net Position	<u>\$ 2,025,072</u>	<u>\$ 45,234</u>

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

WEST HANOVER TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2017

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer Contributions	\$ 81,275
Employee Contributions	-
State Aid	<u>46,424</u>
Total Contributions	<u>127,699</u>
Investment Income	
Investment Income	<u>275,072</u>
Total Investment Income	<u>275,072</u>
Total Additions	<u>402,771</u>
Deductions	
Periodic Payouts & Death Benefits	132,991
Administrative Expenses	<u>8,202</u>
Total Deductions	<u>141,193</u>
Net change	<u>261,578</u>
Held in Trust for Pension Benefits:	
January 1, 2017	<u>1,763,494</u>
December 31, 2017	<u>\$ 2,025,072</u>

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

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of West Hanover, Pennsylvania (the "Township") operates under the Second Class Township Code under the laws of the Commonwealth of Pennsylvania. The operations of the Township are vested in a board of supervisors. The Township provides the following services: streets, sanitation, health, recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB").

A summary of the Township's significant accounting policies is as follows:

A) Reporting Entity

GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*", and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*," established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the Township's financial reporting entity are financial interdependencies, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and special financing relationships.

Discretely Presented Component Unit

Based on the above criteria, the West Hanover Township Water and Sewer Authority (the "Authority") is included in the reporting entity as a discretely presented component unit. Separate financial statements for the West Hanover Township Water and Sewer Authority can be obtained from the Authority's office. The Authority operates on a fiscal year ending December 31.

B) Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues. In addition, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B) Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the agency fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the 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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenses. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year-end to be deemed available. Expenditures generally are recorded when a liability is incurred.

Licenses, operating grants, capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the Township receives cash.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Under the current financial resources measurement focus, only current assets, deferred outflows, deferred inflows, and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

- The General Fund is the primary government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.
- The Water and Sewer Authority General Obligation Bond Fund is used to account for activity related to the General Obligation Bond Series 2015 debt.

Fiduciary funds account for assets held by the Township as a trustee or agent for individuals, organizations or other government units. Therefore, these funds are not available to support the Township's own programs and are not included in the government-wide financial statements. The Township reports the following fiduciary funds:

- Agency funds are custodial in nature (assets equal liabilities) and do not involve revenues and expenditures. The Township acts in a trustee capacity for the Senior Van Fund.
- The Pension Trust Fund is used to account for the change in plan assets of the employees' retirement plan.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances

1. Cash, Cash Equivalents, and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are reported at carrying amounts which reasonably estimate fair value. Investments are reported at fair value.

2. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the governmental activity column in the government-wide financial statements. Property, plant and equipment and infrastructure assets, with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlay of capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment and infrastructure assets are depreciated using the straight line method over the following intended useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	25-40
Other improvements	10-30
Machinery and equipment	3-10
Infrastructure	20-30

3. Allowance for Doubtful Accounts

The Township believes that all accounts receivable are fully collectible; therefore, there is no allowance for doubtful accounts.

4. Compensated Absences

Township policy permits employees to accumulate a limited amount of earned, but unused vacation time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

5. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond and note issuance costs are reported as an outflow of resources in the reporting period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as bond and note issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Deferred Inflows of Resources – Unearned Revenues

The Township recognizes property tax revenues when they become available. "Available" includes those property tax receivables expected to be collected within sixty days after year-end. Those property tax receivables expected to be collected after sixty days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

7. Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – the net amount of the 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.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

8. Fund Balance Classifications

Governmental funds report fund balances in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balances for governmental funds can consist of the following:

Nonspendable Fund Balance – includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (e.g. inventories, prepaid amounts and long term notes receivable).

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Supervisors (the Township’s highest level of decision-making authority). Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (e.g. resolution and ordinance).

The Township utilizes an operating reserve fund as a stabilization arrangement for unforeseen operating expenditures. The stabilization amount of \$125,024 is reported as committed fund balance in the general fund.

Assigned Fund Balance – includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. The Board of Supervisors and the Township Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are not restricted or committed.

Unassigned Fund Balance – this residual classification is used for the General Fund and includes all spendable amounts not contained in the other classifications.

When multiple classifications of fund balance are available for expenditure, it is the Township’s policy to first spend from the most restricted classification and then to exhaust those funds to the extent legally or contractually permitted before moving down to the next classification with available funds.

It is the goal of the Township to achieve and maintain an unassigned fund balance in the general fund equal to \$500,000.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Assets, Liabilities, and Net Position or Fund Balances (Continued)

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

10. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

E) Budgets and Budgetary Accounting

Legal Requirements

Commonwealth of Pennsylvania statutes require that Township governments establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the General Fund, Special Revenue Funds and the Capital Reserve Fund, and is based on estimates of revenues and expenditures approved by the Township Supervisors. The Township adopted the 2017 budget on the same basis of accounting as reported in the financial statements.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

Township Budget Process

1. During the fall, the Manager of the Township prepares a preliminary budget which is submitted to the Supervisors for review.
2. The Supervisors review the preliminary projections of revenues and expenditures incorporating any revisions or adjustments.
3. The Supervisors advertise that the proposed budget is available for public inspection for 20 days prior to final adoption.
4. After the 20-day inspection period, but prior to December 31, the Supervisors adopt the final budget by enacting an appropriate resolution.
5. The formal budgetary process is employed as a planning device. The adopted budget is on the modified accrual basis. Budget amounts are included as they are originally adopted and as amended by the Supervisors, if applicable.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E) Budgets and Budgetary Accounting (continued)

Level of Control

The Township maintains budgetary control at the individual fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by Township Supervisors.

F) Restricted Cash

Restricted cash represents funds held in escrow for inspection fees and road maintenance, and sinking funds required by debt covenants.

West Hanover Township Water and Sewer Authority

Basis of Presentation and Accounting:

The Authority was created on July 16, 1990 under the Municipality Authorities Act of 1945, P.L. 382, as amended, for the purpose of addressing and solving water and sewer problems in West Hanover Township. The Authority has been designated as an operating authority, and is funded primarily from sewer fees collected from residents of West Hanover Township. The Authority is a proprietary fund type and utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for based upon flow of economic resources measurement focus. Accordingly, all assets, deferred inflows, deferred outflows and all liabilities associated with operations are included on the balance sheet. Net position (i.e. total assets plus deferred outflows, less liabilities and deferred inflows) are segregated into net investment in capital assets, restricted, and unrestricted elements.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Authority's investments are held by the trust department of Fulton Bank and consist of certificates of deposit. All investments are recorded at historical cost which approximates market value.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

West Hanover Township Water and Sewer Authority (Continued)

Bad Debts

The Authority places liens on the property of customers who are significantly in arrears on sewer and water payments. When circumstances warrant the write-off of an account, the expense is recognized at the time the account is written off. Potential uncollectible accounts receivable at year-end are considered immaterial to total accounts receivable; therefore, an allowance for such losses has not been established.

Capital Assets

Capital assets are stated at cost and are defined by Authority policy as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of a year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated fixed assets are recorded at their estimated fair value at the date of donation. Interest costs incurred during the construction period related to the construction of the treatment plant and collection system were capitalized as part of the cost of the related assets. Depreciation is computed using the straight-line method over the asset's estimated useful life. Estimated useful lives, in years, are as follows:

Sewer Treatment Plant	20-40 years
Pump Stations	40 years
Sewer Collection System	40 years
Sludge Facility	40 years
Annex Facilities	30 years
Machinery & Equipment	3-20 years

Depreciation expense for the year ended December 31, 2017 totaled \$597,042.

Operating Revenues and Expenses

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses consist of charges for services (including tapping, connection, and facilities fees) and the costs of providing those services, including depreciation and excluding interest expense. All other revenues and expenses are reported as nonoperating.

Revenue – User Charges

Charges for sewer usage are billed monthly by the Authority to its commercial customers based primarily upon a flat fee or usage for sewer billings. Charges for residential customers are billed quarterly based upon a flat fee base for sewer billings.

Revenue – Tapping and Connection Fees, Meters, Permits, etc.

Charges for tapping, connection and other related fees are billed by the Authority to the customer based on established fee schedules.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

West Hanover Township Water and Sewer Authority (Continued)

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Budget

The Authority adopts a flexible annual operating and capital budget. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operating, maintenance, certain interest and general functions, and other charges for the year. The budget also details the plan to receive and expend capital contributions, special assessments, grants, borrowings and certain revenues for capital projects.

All unexpended items in the operating budget lapse at the end of the year. No appropriation for a capital project in the budget lapses until the purpose for which the funds were appropriated has been accomplished or abandoned.

Management submits a proposed budget to the Authority's Board prior to the close of the calendar year. The budget is approved by motion prior to the beginning of the new calendar year. During the year, management may transfer budgeted amounts between line items within the Authority's division only with prior approval from the Board.

NOTE 2: DEPOSIT AND INVESTMENT RISK

Township funds may be invested in: (1) United States Treasury Bills, (2) short-term obligations of the Federal Government or its agencies or instrumentalities, (3) deposits in savings accounts or time deposits, to the extent fully insured, (4) obligations of the United States or any of its agencies or instrumentalities backed by its full faith and credit, (5) shares of an investment company registered under the Investment Company Act of 1940, or (6) certificates of deposit to the extent that they are secured by acceptable collateral. The Township's pension plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

Cash and Cash Equivalents

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The Township's investment policy requires that investments be placed in qualified financial institutions.

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The Township had deposits of \$48,091 in an external investment pool with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT separately issues audited financial statements which are available to the public. The fair value of the Township's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth is the formal external regulatory oversight for the pool. At December 31, 2017, PLGIT carried a rating of AAAm and had an average maturity of less than one year.

For public unit accounts, insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) depends upon the type of deposit and the location of the insured depository institution.

The Township's year-end bank and cash balances totaled \$7,262,804. Of this total, \$6,714,511 was uninsured, but insured with collateral held by the pledging bank's trust department according to Act 72. This collateral is not in the Township's name. Of the bank balances, \$500,002 was covered by federal depository insurance.

Cash and Cash Equivalents (Continued)

Goldman Sachs Financial Square Treasury Obligations are invested in short-term U.S. Treasury securities, guaranteed by the U.S. Treasury, and repurchase agreements relating to these securities.

Proceeds of \$651,510 from a Dauphin County Infrastructure Bank Loan are held in an account at First National Bank by the Dauphin County Industrial Development Authority. The account is covered by Act 72 and is monitored by the Commonwealth of Pennsylvania.

The reconciliation of deposits to the financial statements at December 31, 2017 is as follows:

Uninsured amount above	\$ 6,714,511
Plus:	
Insured by Federal Depository Insurance (FDIC)	500,002
Petty Cash	200
PLGIT	48,091
	7,262,804
Plus(Less):	
Outstanding Deposits	-
Outstanding Checks	(196,648)
Total	\$ 7,066,156
Governmental activities	
Cash and Cash Equivalents	\$ 5,980,232
Escrow Deposits	389,180
Restricted Cash and Cash Equivalents	651,510
Fiduciary Funds	45,234
Total	\$ 7,066,156

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Investments

As of December 31, 2017, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Certificates of Deposit	<u>\$ 1,219,423</u>
Total – governmental activities	<u>1,219,423</u>
Fixed income investment options **	216,541
Mutual funds	1,678,197
Other securities – Principal	
Financial Group	27,275
Annuity contract	<u>103,059</u>
Total – pension trust fund	<u>2,025,072</u>
 Total	 <u>\$ 3,244,494</u>

*** Effective durations range from 5.37 to 7.32 years; except for \$133,333 in a U.S. Property separate account whereby an effective duration cannot be calculated.*

Custodial Credit Risk –

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2017, \$250,000 of the certificates of deposit held as investments by the Township were insured by FDIC insurance, and the remaining balance of \$969,423 was collateralized under Act 72.

Of the Township's pension investments, \$2,025,072 is held by the counterparty's agent in the name of the Township's pension plan. Insurance products and plan administrative services are provided by The Principal Life Insurance Company.

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy does not formally address credit risk, although it requires that investments only be placed in qualified financial institutions. Separate accounts held at the Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts were not rated. Separate accounts held at the Principal Financial Group may use derivatives as part of their investment strategy.

Concentration of Credit Risk –

Accounts held at the Principal Financial Group are not subject to concentration of credit risk, custodial risk, or foreign currency risk.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 2: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Unit – Deposit and Investment Risk

West Hanover Township Water and Sewer Authority

Cash and Cash Equivalents

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

All of the Authority's cash deposits are either insured or collateralized. Custodial risk is the risk that the Authority's deposits may not be recoverable to it in the event of a depository institution failure. The Authority does not have a formal policy regarding custodial credit risk for deposits. However, the Authority requires all deposits in excess of FDIC insurance coverage to be collateralized by the depository institution with approved collateral as provided by law. As of December 31, 2017, the Authority had the following:

- Deposit balances at December 31, 2017 with two local banks in the amount of \$2,234,921 of which \$500,000 was insured and \$1,734,921 was collateralized with securities held by the bank's agent in a collateral pool. The Authority is exposed to custodial risk because the collateral securities held by the bank's agent are not in the Authority's name.

Investments

Investments are held by the Trust department of Fulton Bank and are recorded at historic cost which approximates market value.

Investments at December 31, 2017 consist of fixed income investments held at one local financial institution as follows:

Certificates of Deposit	
Mid Penn Bank, 1.2%, 3/22/18	\$ 3,000,000
Mid Penn Bank, 1.75%, 12/18/18	<u>1,000,000</u>
Total Investments	<u>\$ 4,000,000</u>

Interest rate risk is the risk that changes in interest rates will adversely affect fair value of an investment. The Authority does not have a formal investment policy for interest rate risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority does not have a formal policy for credit risk.

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 3: REAL ESTATE TAXES

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the Township. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through May 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills these taxes, which are collected by the tax collectors and remitted to the Township. Real estate property taxes levied for 2017 are recorded as receivables, net of estimated uncollectible. The net receivables collected and expected to be collected within the first sixty (60) days of 2018 are recognized as revenue in 2017. Net receivables estimated to be collectible subsequent to February 28 are reflected in deferred inflows of resources. Prior years' levies are recorded using these same principles and remaining receivables are annually reevaluated as to collectibility.

The rate of real estate taxation in 2017 was .9149 mills for general purposes, .3385 mills for fire protection purposes, .0720 mills for fire hydrant purposes and a range of .075 to .35 mills for street light purposes on a total Township assessed valuation of \$720,889,500. Of the taxes levied for 2017, 98% were collected during the year.

NOTE 4: ESCROW PAYABLE

As of December 31, 2017, the Township held funds in escrow totaling \$389,180. These funds represent amounts held as security by the Township until developers complete construction of specified projects.

West Hanover Township Water and Sewer Authority

The Authority enters into contractual arrangements with developers which provide for reimbursement by the developers of certain legal and engineering fees incurred by the Authority in connection with the construction of certain sewer-related facilities. At December 31, 2017, developer escrow deposits held by the Authority totaled \$14,833.

NOTE 5: RECEIVABLES

The Township recognized the delinquent and unpaid taxes receivable as follows. A portion of the receivable amount, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements at December 31, 2017.

	Gross Taxes Receivable	Tax Revenue recognized	Deferred Taxes
Real estate taxes	\$ 38,492	\$ 11,889	\$ 26,603
Earned income taxes	336,428	336,428	-
Fire protection taxes	2,199	2,199	-
Fire hydrant taxes	228	228	-
Street light taxes	374	374	-
Transfer taxes	31,134	31,134	-
Local services taxes	47,002	47,002	-
	<u>\$ 455,857</u>	<u>\$ 429,254</u>	<u>\$ 26,603</u>

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5: RECEIVABLES (CONTINUED)

West Hanover Township Water and Sewer Authority

All sewer rentals receivable as of December 31, 2017 are considered collectible and no allowance has been made for uncollectible accounts. The Authority has increased collection efforts through the recording of property liens and the termination of water and sewer service due to sewer arrears. The Authority will negotiate payment plans to pay prior balances in addition to current balances with customers who are unable to pay the entire amount due.

The Authority utilizes installment agreements for residents to pay their tapping and connection fees. The agreements have an annual interest rate of 6%. There were no outstanding balances on tapping agreements receivable as of December 31, 2017.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

Governmental Activities

	<u>Balance at 12/31/2016</u>	<u>Increases</u>	<u>Reclassifications/ Decreases</u>	<u>Balance at 12/31/2017</u>
Capital assets, not being depreciated				
Land	\$ 738,261	\$ -	\$ -	\$ 738,261
Construction in Progress	140,840	-	-	140,840
Total Capital Assets, not being depreciated	879,101	-	-	879,101
Capital assets, being depreciated				
Infrastructure	15,273,803	-	-	15,273,803
Buildings	7,327,133	-	-	7,327,133
Other Improvements	1,977,369	59,642	-	2,037,011
Machinery and Equipment	3,868,789	191,719	80,488	3,980,020
Total capital assets, being depreciated	28,447,094	251,361	80,488	28,617,967
Less accumulated depreciation for:				
Infrastructure	5,601,247	758,039	-	6,359,286
Buildings	1,318,004	186,290	-	1,504,294
Other Improvements	1,097,150	104,436	-	1,201,586
Machinery and Equipment	2,274,279	305,474	80,488	2,499,265
Total accumulated depreciation	10,290,680	1,354,239	80,488	11,564,431
Total Capital Assets, being depreciated, net	18,156,414	(1,102,878)	-	17,053,536
Total Governmental Activities Capital Assets, net	\$ 19,035,515	\$(1,102,878)	\$ -	\$ 17,932,637

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$	34,878
Public Health and Safety		282,707
Public Works		871,601
Parks and Recreation		165,053
		1,354,239

Total Depreciation Expense, Governmental Activities \$ 1,354,239

West Hanover Township Water and Sewer Authority

Capital asset activity during 2017 was as follows:

	Balance at 12/31/2016	Additions	Decreases	Balance at 12/31/2017
Capital assets, not being depreciated:				
Land	\$ 446,195	\$ -	\$ -	\$ 446,195
Construction in Progress	-	88,665	-	88,665
Total	446,195	88,665	-	534,860
Capital assets, being depreciated:				
Sewer Treatment Plant	11,818,525	-	-	11,818,525
Pump Stations	1,036,381	40,138	-	1,076,519
Sewer Collection System	7,802,972	212,788	-	8,015,760
Sludge Facility	979,004	-	-	979,004
Vermicomposting Facilities	2,597,263	-	-	2,597,263
Machinery & Equipment	277,105	33,575	-	310,680
Total	24,511,250	286,501	-	24,797,751
Less accumulated depreciation for:				
Sewer Treatment Plant	3,842,041	241,102	-	4,083,143
Pump Stations	497,697	34,217	-	531,914
Sewer Collection System	3,797,458	197,735	-	3,995,193
Sludge Facility	436,808	24,751	-	461,559
Vermicomposting Facilities	692,573	86,610	-	779,183
Machinery & Equipment	233,087	12,626	-	245,713
Total	9,499,664	597,041	-	10,096,705
Capital assets, being depreciated, net	15,011,586	(310,540)	-	14,701,046
Capital assets, net	\$ 15,457,781	\$ (221,875)	\$ -	\$ 15,235,906

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 7: EMPLOYEES' RETIREMENT PLANS

Plan Description

The Township adopted the West Hanover Township Pension Plan on January 1, 1973. The pension plan was created for employees of the Township in accordance with the Municipal Plan Funding Standard and Recovery Act, P.L. 1005, No. 205. The Plan is currently administered by Principal Financial Group.

The Plan is a single-employer defined contribution pension plan for employees with one year of service and over 1,500 hours worked during the fiscal year. The normal retirement age is 65 and contributions are vested over a five year period. Members are not required to contribute. In 2017, the Township contributed 10% of the member's compensation on behalf of each member who was a participant on the last day of the plan year. The Township's contribution rates are established by the pension plan adoption agreement. The Plan does not issue a separate report.

Plan Membership

The Plan membership as of December 31, 2017 consisted of the following:

Active employees	14
Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	<u>4</u>
Total	<u>19</u>

Funding Policy

Active members are not required to contribute to the Plan. The municipality is required to contribute 10 percent of annual pay for each eligible plan member. The Plan may also be eligible for an annual allocation from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contribution. The Township's contributions to the plan were \$50,471 for the year ended December 31, 2017. The total contributed by the Authority to the Township's plan for the year ended December 31, 2017 was \$18,569.

West Hanover Township Water and Sewer Authority

The Authority participates in West Hanover Township's defined contribution plan. Employees become eligible to participate in the plan when they earn a year of entry service at the end of a service period in which 1,500 or more hours of service have been performed. The Authority contributes at a rate determined by the Township on an annual basis. For the year ended December 31, 2017, the contribution rate was 10%.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 7: EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Benefit Provisions

Eligibility requirements	Normal retirement at attainment of age 65 Early retirement at attainment of age 55 and 5 years of vesting service
Vesting	100% after 5 years of vesting service (graded)
Retirement benefit	An active member's benefit value becomes 100% vested upon meeting the early or normal retirement provisions and is available for distribution if a severance from employment has occurred.
Survivor benefit	An active member's benefit value becomes 100% vested upon death and is available for the surviving spouse or beneficiary.
Disability benefit	An active member's benefit value becomes 100% vested upon meeting total and permanent disability provisions.

Summary of Significant Accounting Policies:

Basis of Accounting

The Plan's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, contributions and related assets are recognized when received rather than when earned, except for investments, which are reported at market value, with unrealized gains and losses being recognized. Certain benefit payments and other expenditures are recognized when paid rather than when the obligation is incurred. This practice differs from generally accepted accounting principles, which require the accrual basis of accounting.

Valuation of Investments

Investments are reported at market. Consequently, the investment account is adjusted for unrealized gains and unrealized losses.

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 8: COMPENSATED ABSENCES

The Township's policy is to grant sick leave in the amount of 6 days per calendar year, accrued at ½ day per month up to a maximum of 36 days. Sick leave that is unused at termination is not payable to the employee. The Township's policy for vacation time is that time accrues monthly depending on the length of service. Employees with up to 5 years of service are allowed to carry over from one year to the next no more than 5 days of accrued vacation leave. Employees with over 5 years of service are allowed to carry over no more than 15 days of accrued vacation time. Employees at termination are paid for accumulated, unused vacation time at the pay rate in effect at that time.

Applicable GASB pronouncements require accrual of vacation pay that meets certain specific conditions. The Township has determined that such conditions apply to accumulated vacation pay of governmental funds. To the extent vacation pay liabilities in governmental funds are to be liquidated with available resources, they are accounted for as fund liabilities in the fund financial statements; the remainder of the obligation is accounted for as a liability in the government-wide financial statements. As of December 31, 2017 the balance accrued for compensated absences was \$21,863.

NOTE 9: LONG-TERM LIABILITIES

\$1,430,000 Non-revolving Line of Credit

In February 2007, the Township obtained a non-revolving line of credit in the amount of \$1,430,000 from a local bank. The funds were to be used for right-of-way acquisition and utility relocation at the Interstate 81 inter-change in the Township. Interest accrues on the outstanding balance at the bank qualified tax exempt variable rate of 55% of Lender's prime rate (capped at 8%) or at a bank qualified tax exempt fixed rate of 3.95% for seven years and reverts to the aforementioned variable rate or an agreed-upon negotiated fixed rate thereafter. As of December 31, 2017, the outstanding balance on the line of credit was \$333,814.

Using the interest rates in effect at December 31, 2017, the debt service requirements to maturity are as follows:

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:			
2018	\$ 70,000	\$ 5,967	\$ 75,967
2019	75,000	4,716	79,716
2020	80,000	3,375	83,375
2021	80,000	1,945	81,945
2022	28,814	515	29,329
	<hr/>		
Totals:	<u>\$ 333,814</u>	<u>\$ 16,518</u>	<u>\$ 350,332</u>

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

\$2,880,000 General Obligation Note Series 2011

In April 2011, West Hanover Township issued a General Obligation Note-Series 2011, in the maximum principal amount of \$ 2,880,000 final maturity February 1, 2028. The proceeds of the Note were used to fund construction of a new fire station located at 7624 Jonestown Road, Harrisburg, PA 17112 and pay issuance costs on the Note. Interest is payable on the outstanding principal balance at a variable rate. Interest payments are due monthly and principal payments are due annually. As of December 31, 2017, the outstanding balance of the Note was \$770,000.

Using the interest rates in effect at December 31, 2017, the debt service requirements to maturity are as follows:

Years Ended December 31:	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2018	\$ 65,000	\$ 13,090	\$ 78,090
2019	65,000	11,985	76,985
2020	70,000	10,880	80,880
2021	80,000	9,690	89,690
2022	80,000	8,330	88,330
2023 - 2027	410,000	19,040	429,040
Totals:	<u>\$ 770,000</u>	<u>\$ 73,015</u>	<u>\$ 843,015</u>

\$ 825,000 Infrastructure Bank Loan

In March 2014, the Township obtained an infrastructure bank loan in the amount of \$825,000 from Dauphin County. The funds are to be used to fund the relocation of portions of Devonshire Heights and Douglas Roads, and the installation of a traffic signal at the intersection of State Route 39. Interest accrues on the outstanding balance at an annual rate of .5% until the final maturity date of January 1, 2024. The loan is evidenced by a Guaranteed Revenue Note issued by the Township. As of December 31, 2017, the outstanding balance on the loan was \$498,437.

Using the interest rates in effect at December 31, 2017, the debt service requirements to maturity are as follows:

Years Ended December 31:	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2018	\$ 82,040	\$ 2,492	\$ 84,532
2019	82,451	2,082	84,533
2020	82,863	1,670	84,533
2021	83,277	1,255	84,532
2022	83,694	839	84,533
2023	84,112	421	84,533
Totals:	<u>\$ 498,437</u>	<u>\$ 8,759</u>	<u>\$ 507,196</u>

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

\$7,510,000 General Obligation Bond Series 2015

In March 2015, the Authority issued the General Obligation Bond Series of 2015 in the amount of \$7,510,000 in order to refinance the General Obligation Bonds Series 2011. The Series of 2015 Bonds are scheduled to mature in 2031 and interest rates range from .28% to 3.1%.

Pursuant to a Subsidy Agreement between the West Hanover Sewer and Water Authority and the Township, the Authority agreed to pay the Township amounts sufficient to pay the principal of and interest on the Bonds when they become due from the receipts and revenues from the Authority's sewer system. The Township has pledged its full faith, credit and taxing power to the payment of the principal of and interest on the bonds.

The outstanding principal balance of the General Obligation Bond, Series of 2015 at December 31, 2017 totaled \$7,165,000.

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:			
2018	\$ 215,000	\$ 187,782	\$ 402,782
2019	215,000	183,482	398,482
2020	225,000	180,258	405,258
2021	220,000	176,601	396,601
2022	230,000	172,201	402,201
2023 - 2027	2,530,000	759,984	3,289,984
2028 - 2031	3,530,000	270,388	3,800,388
Totals:	<u>\$ 7,165,000</u>	<u>\$ 1,930,696</u>	<u>\$ 9,095,696</u>

Lease Payable 2016

In November 2016, West Hanover Township entered into a lease payable in the amount of \$116,273. The proceeds of the lease were used to purchase a new 2016 International 7300 SFA Dump Truck with Accessories. Interest payments and principal payments are due annually. As of December 31, 2017, the outstanding balance of the lease was \$69,817. As of December 31, 2017 assets held through capital lease agreements totaled \$116,273 and accumulated depreciation for those assets totaled \$17,441.

The debt service requirements to maturity are as follows:

	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
Years Ended December 31:			
2018	\$ 22,482	\$ 2,425	\$ 24,907
2019	23,263	1,644	24,907
2020	24,072	836	24,908
Totals:	<u>\$ 69,817</u>	<u>\$ 4,905</u>	<u>\$ 74,722</u>

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

A summary of changes in long-term liabilities for the Township for the year ended December 31, 2017 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation bond debt	\$ 7,260,000	\$ -	\$ 95,000	\$ 7,165,000	\$ 215,000
General obligation note debt	1,030,000	-	260,000	770,000	65,000
Line of credit	603,814	-	270,000	333,814	70,000
Lease Payable	91,545	-	21,728	69,817	22,482
Infrastructure bank loan	580,069	-	81,632	498,437	82,040
Total Debt Payable	<u>9,565,428</u>	<u>-</u>	<u>728,360</u>	<u>8,837,068</u>	<u>454,522</u>
<u>Other Liabilities:</u>					
Compensated absences	19,554	53,153	50,844	21,863	-
Total Other Liabilities	<u>19,554</u>	<u>53,153</u>	<u>50,844</u>	<u>21,863</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 9,584,982</u>	<u>\$ 53,153</u>	<u>\$ 779,204</u>	<u>\$ 8,858,931</u>	<u>\$ 454,522</u>

West Hanover Township Water and Sewer Authority

The following is a summary of changes in long-term debt for the Authority for the year ended December 31, 2017.

	Balance January 1	New Borrowings/ Refunding	Scheduled Redemptions	Balance December 31	Due within one year
General Obligation Bond, Series of 2012	\$ 5,915,000	-	(475,000)	5,440,000	485,000
Lease Payable – West Hanover Township for General Obligation Bond Series 2015	7,260,000	-	(95,000)	7,165,000	215,000
Unamortized Premium	44,357	-	(3,168)	41,189	-
Total Long-Term Liabilities	<u>\$13,219,357</u>	<u>\$ -</u>	<u>\$ (573,168)</u>	<u>\$ 12,646,189</u>	<u>\$ 700,000</u>

\$7,720,000 Guaranteed Sewer Revenue Bonds, Series 2012

On November 20, 2012, the Authority issued Guaranteed Sewer Revenue Bonds in the amount of \$7,720,000 to currently refund the loan made by the Pennsylvania Infrastructure Investment Authority and currently refund the Authority's outstanding Sewer Revenue Note, Series 2006, and pay the costs of issuing the bonds. The Bonds are secured by current and future revenues of the Authority. The Township, as guarantor of this debt, must assist in repayment of these bonds should the Authority be unable to meet the obligation. Interest rates on the bonds range from .85% to 3.0%. The bonds are scheduled to mature in 2030. At December 31, 2017, the outstanding principal balance of the Guaranteed Sewer Revenue Bond, Series 2012 was \$5,440,000.

WEST HANOVER TOWNSHIP
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

\$7,510,000 General Obligation Bond Series 2015

In March 2015, the Township, on behalf of the Authority approved the refinancing of the General Obligation Bonds Series 2011, and issued the General Obligation Bond Series of 2015 in the amount of \$7,510,000. The Bonds are scheduled to mature in 2031 and interest rates range from .28% to 3.1%. The targeted net savings of the refinancing is expected to be approximately \$352,000 over the life of the new debt. At December 31, 2016, the outstanding principal balance of the General Obligation Bond, Series 2015 was \$7,165,000

Scheduled debt service requirements for the Authority are as follows:

Year	Principal	Interest	Total
2018	\$ 700,000	300,452	\$ 1,000,452
2019	715,000	285,127	1,000,127
2020	735,000	273,052	1,008,052
2021	740,000	259,745	999,745
2022	760,000	245,495	1005,495
2023-2027	4,690,000	960,365	5,650,365
2028-2031	4,265,000	297,621	4,562,621
Totals	<u>\$ 12,605,000</u>	<u>\$ 2,621,857</u>	<u>\$ 15,226,857</u>

NOTE 10: INTERFUND OPERATING TRANSFERS AND BALANCES

Interfund transfers are executed in accordance with approved budgets to offset future operating and capital expenditures.

Transfers to/from other funds:

	Transfers from other funds	Transfers to other funds
Major Funds:		
General Fund	\$ -	\$ 152,000
Nonmajor Fund:		
Building Fund	75,000	
Exit 77	77,000	-
	<u>\$ 152,000</u>	<u>\$ 152,000</u>

Interfund balances at December 31, 2017 consisted of the following:

Due to/from other funds:

	Amount due from other funds	Amount due to other funds
Major Funds:		
General Fund	\$ 965	\$ 7,166
Nonmajor Fund:		
Street Light	952	-
Hydrant	816	-
Fire Tax	5,398	-
LST	-	9
FILO	-	956
	<u>\$ 8,131</u>	<u>\$ 8,131</u>

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 10: INTERFUND OPERATING TRANSFERS AND BALANCES (CONTINUED)

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

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. No settlement exceeded insurance coverage since the Township's creation.

West Hanover Township Water and Sewer Authority

The Authority 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 Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. No settlement exceeded insurance coverage since the Authority's creation.

NOTE 12: COMMITMENTS

In the normal course of business, there are various claims and suits pending against the Township and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the Township's financial position at December 31, 2017.

West Hanover Township Water and Sewer Authority

West Hanover Township Water and Sewer Authority entered into a billing contract with Diversified Technology Corporation (DTC) whereby DTC assumed quarterly or monthly billing and cash payment applications on behalf of the Authority effective July 1, 2012. Monthly charges for this service are \$1,552. Service under this contract will continue for a minimum of 24 months and is non-cancelable by either party. After the initial 24 month period, either party may terminate the contract upon 90 days written notice. Total expense for billing services for 2017 was \$18,624.

During the normal course of business, the Authority is subject to various disputes, claims and lawsuits. At December 31, 2017, there were no suits or threatened litigation that, in the opinion of management and legal council, will have a material affect on the Authority's financial condition.

WEST HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 13: CONTINGENT LIABILITY

During 2015 a Board of View awarded a plaintiff \$1,250,000 in a suit against the Township regarding a right-of-way complaint resulting from a highway construction project. The Township has appealed the judgement based on a number of legal issues that the Board of View failed to recognize. The Judge of de novo trial has ruled that the legal issues could be resolved at a trial on the damages. The Township has retained special counsel to vigorously contest this matter. Since it is not possible to determine the outcome of these matters, no provision has been made in these financial statements for their ultimate resolution. However, in management's opinion, the final resolution of this legal matter will not have a material adverse effect on the Township's net position.

NOTE 14: PRIOR PERIOD ADJUSTMENT

West Hanover Township Water and Sewer Authority

During 2017, it was determined that Capital Assets, Net at December 31, 2016 was understated by \$57,115. This has been corrected by a change in the beginning net position on the Statement of Activities.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June ____ 2017, the date which the financial statements were available to be issued.

West Hanover Township Water and Sewer Authority

The Authority has evaluated subsequent events through June 8, 2018, the date which the financial statements were available to be issued. It is management's opinion that there are no subsequent events which require additional disclosure in the notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST HANOVER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,295,000	\$ 2,295,000	\$ 2,574,006	\$ 279,006
Licenses and Permits	159,000	159,000	171,920	12,920
Fines and Forfeitures	2,000	2,000	3,928	1,928
Interest and Investment Earnings	4,000	4,000	40,033	36,033
Intergovernmental	251,049	251,049	300,045	48,996
Charges for Services	479,036	479,036	532,956	53,920
Miscellaneous Revenue	<u>15,000</u>	<u>15,000</u>	<u>20,843</u>	<u>5,843</u>
Total Revenues	<u>3,205,085</u>	<u>3,205,085</u>	<u>3,643,731</u>	<u>438,646</u>
Expenditures				
General Government	1,049,850	1,049,850	579,624	470,226
Community Development	191,300	191,300	186,618	4,682
Public Health and Safety	375,948	375,948	351,377	24,571
Public Works	1,022,040	1,022,040	804,648	217,392
Parks and Recreation	736,993	736,993	529,157	207,836
Benefits	420,351	420,351	342,830	77,521
Debt Service	<u>84,532</u>	<u>84,532</u>	<u>84,532</u>	<u>-</u>
Total Expenditures	<u>3,881,014</u>	<u>3,881,014</u>	<u>2,878,786</u>	<u>1,002,228</u>
Excess of Revenues Over (Under) Expenditures	<u>(675,929)</u>	<u>(675,929)</u>	<u>764,945</u>	<u>1,440,874</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(152,000)	(152,000)	(152,000)	-
Insurance Claims	-	-	38,880	38,880
Refund of Prior Year Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(152,000)</u>	<u>(152,000)</u>	<u>(113,120)</u>	<u>38,880</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ (827,929)</u>	<u>\$ (827,929)</u>	<u>\$ 651,825</u>	<u>\$ 1,479,754</u>

Note: This presentation does not include the approved budget or actual revenue or expenditures of the Township's operating reserve.

A reconciliation for the presentation above to the fund statement presented on page 24 is as follows:

Revenues, as presented above:	3,643,731
Interest income - operating reserve fund	<u>1,242</u>
Total General Fund Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 3,644,973</u>
Benefits, as allocated	
General Government	72,550
Community Development	30,745
Public Works	170,620
Parks and Recreation	<u>68,915</u>
Benefits, as presented above	<u>\$ 342,830</u>

WEST HANOVER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
WSA G.O. BOND FUND
YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and Investment Earnings	\$ -	\$ -	\$ -	\$ -
Sinking fund deposits	-	<u>283,733</u>	<u>283,733</u>	-
Total Revenues	-	<u>283,733</u>	<u>283,733</u>	-
Expenditures				
Debt Service	-	<u>283,733</u>	<u>283,733</u>	-
Total Expenditures	-	<u>283,733</u>	<u>283,733</u>	-
 Excess of Revenues Over (Under) Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

A reconciliation for the presentation above to the fund statement presented on page 24 is as follows:

Revenues, as presented above:	283,733
Authority sinking fund payments	<u>(283,733)</u>
Total W.S.A. G.O. Bond Fund Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ -</u>
 Expenditures, as presented above:	 283,733
Debt service payments	<u>(283,733)</u>
Total W.S.A. G.O. Bond Fund Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

WEST HANOVER TOWNSHIP
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	LST	Building	Capital Reserve	Exit 77	Hydrant Fund	Street Light	Highway Aid	Fire Tax	FILO	Total Non-Major Governmental Funds
Assets										
Cash and Cash Equivalents	\$ 411,535	\$ 110,094	\$ 650,630	\$ 189,000	\$ 18,141	\$ 37,504	\$ 517,988	\$ 331,776	\$ 195,411	\$ 2,462,079
Investments	155,267	-	-	-	-	-	-	77,020	-	292,287
Receivables										
Taxes	47,002	-	-	-	228	374	-	2,199	-	49,803
Other	-	-	-	83,250	-	-	-	-	-	83,250
Due from Other Funds	-	-	-	-	816	952	-	5,398	-	7,166
Total Assets	\$ 613,804	\$ 110,094	\$ 650,630	\$ 272,250	\$ 19,185	\$ 38,830	\$ 517,988	\$ 416,393	\$ 195,411	\$ 2,834,585
Liabilities										
Accounts Payable	\$ 1,075	\$ -	\$ -	\$ -	\$ 3,052	\$ 487	\$ -	\$ 6,308	\$ -	\$ 10,922
Deferred Revenue	-	-	-	83,250	-	-	-	-	-	83,250
Due to Other Funds	9	-	-	-	-	-	-	-	956	965
Total Liabilities	1,084	-	-	83,250	3,052	487	-	6,308	956	95,137
Fund Balances										
Restricted	-	-	-	-	16,133	38,343	517,988	410,085	-	982,549
Committed	-	-	-	189,000	-	-	-	-	194,455	383,455
Assigned	612,720	110,094	650,630	-	-	-	-	-	-	1,373,444
Total Fund Balances	612,720	110,094	650,630	189,000	16,133	38,343	517,988	410,085	194,455	2,739,448
Total Liabilities and Fund Balances	\$ 613,804	\$ 110,094	\$ 650,630	\$ 272,250	\$ 19,185	\$ 38,830	\$ 517,988	\$ 416,393	\$ 195,411	\$ 2,834,585

WEST HANOVER TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017

	LST	Building	Capital Reserve	Exit 77	Hydrant fund	Street Light	Highway Aid	Fire Tax	FILO	Total Non-Major Governmental Funds
Revenues										
Taxes	\$ 200,561	\$ -	\$ -	\$ -	\$ 37,799	\$ 59,664	\$ -	\$ 245,158	\$ -	\$ 543,182
Interest and Investment Earnings	4,844	1,716	6,462	2,152	318	636	6,713	2,214	41	25,096
Intergovernmental	-	200,000	-	200,000	-	-	389,662	-	-	789,662
Charges for Services	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	3,240	3,240
Total Revenues	205,405	201,716	6,462	202,152	38,117	60,300	396,375	247,372	3,281	1,361,180
Expenditures										
General Government	3,459	-	-	-	-	-	-	-	-	3,459
Public Health and Safety	27,299	-	-	-	36,621	-	-	216,479	-	280,399
Public Works	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	60,318	394,707	-	-	455,025
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	260,000	-	270,000	-	-	-	-	-	530,000
Interest	-	22,151	-	10,978	-	-	-	-	-	33,129
Total Expenditures	30,758	282,151	-	280,978	36,621	60,318	394,707	216,479	-	1,302,012
Excess of Revenues Over (Under) Expenditures	174,647	(80,435)	6,462	(78,826)	1,496	(18)	1,668	30,893	3,281	59,168
Other Financing Sources (Uses)										
Refund of prior years' expenditures	-	-	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	-	75,000	-	77,000	-	-	-	-	-	152,000
Total Other Financing Sources (Uses)	-	75,000	-	77,000	-	-	-	-	-	152,000
Net Change in Fund Balances	174,647	(5,435)	6,462	(1,826)	1,496	(18)	1,668	30,893	3,281	211,168
Fund Balances - January 1, 2017	438,073	115,529	644,168	190,826	14,637	38,361	516,320	379,192	191,174	2,528,280
Fund Balances - December 31, 2017	\$ 612,720	\$ 110,094	\$ 650,630	\$ 189,000	\$ 16,133	\$ 38,343	\$ 517,988	\$ 410,085	\$ 194,455	\$ 2,739,448