

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To The Mayor and Members of Council
Borough of East Petersburg
East Petersburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of East Petersburg as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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 of 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Fire Tax Protection Fund	Unmodified
Highway Aid Fund	Unmodified
Municipal Trash Fund	Unmodified
Water Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Borough of East Petersburg as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's modified cash basic financial statements. The combining capital projects fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining capital projects fund financial statements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Other Information

The budgetary comparison information on page 24, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Columbia, Pennsylvania
May XX, 2018

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**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,942,464	\$ 1,453,468	\$ 3,395,932
Investments	160,326	--	160,326
Internal Balances	(1,535)	1,535	--
Total Current Assets	2,101,255	1,455,003	3,556,258
TOTAL ASSETS	\$ 2,101,255	\$ 1,455,003	\$ 3,556,258
LIABILITIES			
Payroll Deductions and Withholdings	\$ 2,364	\$ --	\$ 2,364
Escrow Deposits	38,725	--	38,725
Deposits Held	325	1,200	1,525
TOTAL LIABILITIES	41,414	1,200	42,614
NET POSITION			
Restricted	1,333,231	--	1,333,231
Unrestricted	726,610	1,453,803	2,180,413
TOTAL NET POSITION	2,059,841	1,453,803	3,513,644
TOTAL LIABILITIES AND NET POSITION	\$ 2,101,255	\$ 1,455,003	\$ 3,556,258

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General Government	\$ 247,487	\$ 46,586	\$ --	\$ --	\$ (200,901)	\$ --	\$ (200,901)
Public Safety	1,052,361	29,135	26,801	--	(996,425)	--	(996,425)
Highways and Streets	247,277	--	--	128,552	(118,725)	--	(118,725)
Culture and Recreation	105,414	--	--	--	(105,414)	--	(105,414)
Debt Service	74,948	--	--	--	(74,948)	--	(74,948)
Employee Benefits, Insurance and Other Miscellaneous Expenses	63,376	--	15,073	--	(48,303)	--	(48,303)
Total Governmental Activities	1,790,863	75,721	41,874	128,552	(1,544,716)	--	(1,544,716)
Business-Type Activities							
Trash	421,039	382,780	6,823	--	--	(31,436)	(31,436)
Water	784,696	844,091	12,596	--	--	71,991	71,991
Rental Fund	5,403	14,132	--	--	--	8,729	8,729
Total Business-Type Activities	1,211,138	1,241,003	19,419	--	--	49,284	49,284
Total Entity-Wide Activities	\$ 3,002,001	\$ 1,316,724	\$ 61,293	\$ 128,552	(1,544,716)	49,284	(1,495,432)
General Revenues							
Property Taxes, Levied for General Purposes, Net					1,003,712	--	1,003,712
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					772,503	--	772,503
Investment Earnings					200	85	285
Sale of Capital Assets					17,500	--	17,500
Miscellaneous Income					2,034	--	2,034
Total General Revenues					1,795,949	85	1,796,034
Transfers					25,000	(25,000)	--
Change in Net Position					276,233	24,369	300,602
Net Position – January 1, 2017					1,783,608	1,429,434	3,213,042
Net Position – December 31, 2017					\$ 2,059,841	\$ 1,453,803	\$ 3,513,644

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>Major Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Fire Tax Protection Fund</u>	<u>Highway Aid Fund</u>	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 784,559	\$ 748,856	\$ 134,007	\$ 275,042	\$ 1,942,464
Investments	--	138,946	21,380	--	160,326
Due from Other Funds	--	15,000	--	--	15,000
Total Current Assets	<u>784,559</u>	<u>902,802</u>	<u>155,387</u>	<u>275,042</u>	<u>2,117,790</u>
TOTAL ASSETS	<u>\$ 784,559</u>	<u>\$ 902,802</u>	<u>\$ 155,387</u>	<u>\$ 275,042</u>	<u>\$ 2,117,790</u>
LIABILITIES					
Due to Other Funds	\$ 16,535	\$ --	\$ --	\$ --	\$ 16,535
Payroll Deductions and Withholdings	2,364	--	--	--	2,364
Escrow Deposits	38,725	--	--	--	38,725
Deposits Held	325	--	--	--	325
TOTAL LIABILITIES	<u>57,949</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>57,949</u>
FUND BALANCES					
Restricted	--	902,802	155,387	275,042	1,333,231
Assigned	65,098	--	--	--	65,098
Unassigned	661,512	--	--	--	661,512
TOTAL FUND BALANCES	<u>726,610</u>	<u>902,802</u>	<u>155,387</u>	<u>275,042</u>	<u>2,059,841</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 784,559</u>	<u>\$ 902,802</u>	<u>\$ 155,387</u>	<u>\$ 275,042</u>	<u>\$ 2,117,790</u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Major Funds				Total
	General Fund	Capital Projects Fund	Fire Tax Protection Fund	Highway Aid Fund	
REVENUES					
Real Estate Taxes and Penalties	\$ 819,469	\$ --	\$ 184,243	\$ --	\$ 1,003,712
Other Taxes	703,157	--	--	--	703,157
Licenses and Permits	69,371	--	--	--	69,371
Fines and Forfeits	18,201	--	--	--	18,201
Interest, Rents and Royalties	8,090	149	26	25	8,290
Intergovernmental Revenue	41,874	--	--	128,552	170,426
Charges for Services	40,410	--	--	--	40,410
Miscellaneous Revenue	6,776	--	--	--	6,776
TOTAL REVENUES	<u>1,707,348</u>	<u>149</u>	<u>184,269</u>	<u>128,577</u>	<u>2,020,343</u>
EXPENDITURES					
General Government	238,847	8,640	--	--	247,487
Public Safety	884,450	--	167,911	--	1,052,361
Highways and Streets	164,933	82,344	--	--	247,277
Culture and Recreation	105,414	--	--	--	105,414
Debt Service	47,831	27,117	--	--	74,948
Employee Benefits, Insurance and Other Miscellaneous Expenditures	63,376	--	--	--	63,376
TOTAL EXPENDITURES	<u>1,504,851</u>	<u>118,101</u>	<u>167,911</u>	<u>--</u>	<u>1,790,863</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>202,497</u>	<u>(117,952)</u>	<u>16,358</u>	<u>128,577</u>	<u>229,480</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	15,000	99,346	--	--	114,346
Transfers Out	(89,346)	--	--	--	(89,346)
Sale of Capital Assets	--	17,500	--	--	17,500
Refund of Prior Year Expenditures	4,253	--	--	--	4,253
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,093)</u>	<u>116,846</u>	<u>--</u>	<u>--</u>	<u>46,753</u>
Changes in Fund Balances	132,404	(1,106)	16,358	128,577	276,233
Fund Balances – January 1, 2017	<u>594,206</u>	<u>903,908</u>	<u>139,029</u>	<u>146,465</u>	<u>1,783,608</u>
Fund Balances – December 31, 2017	<u>\$ 726,610</u>	<u>\$ 902,802</u>	<u>\$ 155,387</u>	<u>\$ 275,042</u>	<u>\$ 2,059,841</u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Major Funds		Nonmajor Fund	
	Municipal Trash Fund	Water Fund	6060 Main St. Fund	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 268,680	\$ 1,162,645	\$ 22,143	\$ 1,453,468
Due from Other Funds	<u>231</u>	<u>1,304</u>	<u>--</u>	<u>1,535</u>
Total Current Assets	<u>268,911</u>	<u>1,163,949</u>	<u>22,143</u>	<u>1,455,003</u>
TOTAL ASSETS	<u>\$ 268,911</u>	<u>\$ 1,163,949</u>	<u>\$ 22,143</u>	<u>\$ 1,455,003</u>
LIABILITIES				
Current Liabilities				
Security Deposit Held	\$ --	\$ --	\$ 1,200	\$ 1,200
TOTAL LIABILITIES	<u>--</u>	<u>--</u>	<u>1,200</u>	<u>1,200</u>
NET POSITION				
Unrestricted	<u>268,911</u>	<u>1,163,949</u>	<u>20,943</u>	<u>1,453,803</u>
TOTAL NET POSITION	<u>268,911</u>	<u>1,163,949</u>	<u>20,943</u>	<u>1,453,803</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 268,911</u>	<u>\$ 1,163,949</u>	<u>\$ 22,143</u>	<u>\$ 1,455,003</u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
MODIFIED CASH BASIS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>Municipal Trash Fund</u>	<u>Water Fund</u>	<u>Fund 6060 Main St. Fund</u>	
OPERATING REVENUE				
Charges and Fees	\$ 371,287	\$ 763,781	\$ --	\$ 1,135,068
TOTAL OPERATING REVENUE	<u>371,287</u>	<u>763,781</u>	<u>--</u>	<u>1,135,068</u>
OPERATING EXPENSES				
Salaries	24,834	205,341	--	230,175
Payroll Taxes	2,481	16,516	--	18,997
Employee Benefits	5,601	56,297	--	61,898
Pension Contribution	1,986	12,678	--	14,664
Worker's Compensation	--	7,265	--	7,265
Office Expenses	3,729	5,002	--	8,731
Dues and Subscriptions	--	824	--	824
Education and Training	--	1,005	--	1,005
Professional Services	5,759	13,195	--	18,954
Telephone	--	4,032	--	4,032
Disposal Fees	275,389	--	--	275,389
Material and Supplies	15,115	99,600	--	114,715
Utilities	--	45,338	--	45,338
Repairs and Maintenance	--	40,521	--	40,521
Water Testing and Analysis	--	9,842	--	9,842
Purchased Services	7,136	47,302	--	54,438
Vehicle Expenses	--	13,866	--	13,866
Permits	--	739	--	739
General Insurance	702	11,796	--	12,498
Uniforms	--	765	--	765
Equipment & Tools	77,367	175,638	--	253,005
Other	940	416	--	1,356
TOTAL OPERATING EXPENSES	<u>421,039</u>	<u>767,978</u>	<u>--</u>	<u>1,189,017</u>
OPERATING INCOME	<u>(49,752)</u>	<u>(4,197)</u>	<u>--</u>	<u>(53,949)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfers Out	(15,000)	(10,000)	--	(25,000)
General Municipal Pension System State Aid	1,986	12,596	--	14,582
Grant Revenue	4,837	--	--	4,837
Rental Income	--	79,832	14,132	93,964
Interest Income	--	85	--	85
Debt Service	--	(16,718)	--	(16,718)
Rental Property Expense	--	--	(5,403)	(5,403)
Miscellaneous Income	11,493	478	--	11,971
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>3,316</u>	<u>66,273</u>	<u>8,729</u>	<u>78,318</u>
Changes in Net Position	<u>(46,436)</u>	<u>62,076</u>	<u>8,729</u>	<u>24,369</u>
Net Position – January 1, 2017	<u>315,347</u>	<u>1,101,873</u>	<u>12,214</u>	<u>1,429,434</u>
Net Position – December 31, 2017	<u>\$ 268,911</u>	<u>\$ 1,163,949</u>	<u>\$ 20,943</u>	<u>\$ 1,453,803</u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Major Funds		Nonmajor
	Municipal Trash Fund	Water Fund	Fund 6060 Main St. Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 371,287	\$ 763,781	\$ --
Cash Payments for Goods and Services	(396,205)	(562,637)	--
Cash Payments to Employees	(24,834)	(205,341)	--
Cash Received (Paid) - Interfund Transactions	(4,319)	33,810	--
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(54,071)	29,613	--
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	6,823	12,596	--
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	6,823	12,596	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interfund Transfers	(15,000)	(10,000)	--
Rental Income	--	79,832	15,332
Nonoperating Revenues	11,493	478	--
Principal Payments for Long-Term Debt	--	(13,216)	--
Interest Paid	--	(3,502)	--
Payments for Rental Property Expense	--	--	(5,403)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(3,507)	53,592	9,929
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	--	85	--
NET CASH PROVIDED BY INVESTING ACTIVITIES	--	85	--
Net Increase (Decrease) in Cash and Cash Equivalents	(50,755)	95,886	9,929
Cash and Cash Equivalents – Beginning of Year	319,435	1,066,759	12,214
Cash and Cash Equivalents – End of Year	\$ 268,680	\$ 1,162,645	\$ 22,143

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Major Funds		Nonmajor Fund
	Municipal Trash Fund	Water Fund	6060 Main St. Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (49,752)	\$ (4,197)	\$ --
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
(Increase) Decrease in Due from Other Funds	277	33,810	--
Increase (Decrease) in Due to Other Funds	(4,596)	--	--
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (54,071)	\$ 29,613	\$ --

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS – FIDUCIARY FUND
DECEMBER 31, 2017**

	<u>Non-Uniform Pension Fund</u>
ASSETS	
Investments	\$ <u>232,190</u>
TOTAL ASSETS	\$ <u>232,190</u>
LIABILITIES	\$ <u>--</u>
NET POSITION	
Restricted for Pension Benefits	<u>232,190</u>
TOTAL NET POSITION	<u>232,190</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>232,190</u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS – FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Non-Uniform Pension Fund</u>
ADDITIONS	
State Contributions – Act 205	\$ 29,655
Municipal Contributions	614
Employee Contributions	9,480
Investment Income	<u>23,629</u>
TOTAL ADDITIONS	<u>63,378</u>
DEDUCTIONS	
Fees	<u>2,177</u>
TOTAL DEDUCTIONS	<u>2,177</u>
Changes in Net Position	61,201
Net Position – January 1, 2017	<u>170,989</u>
Net Position – December 31, 2017	<u><u>\$ 232,190</u></u>

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

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of East Petersburg were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body of the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the Borough as a reporting entity, management has addressed all potential component units, which may or may not fall within the Borough's financial accountability. The criteria used to evaluate component units for possible inclusion of the Borough's reporting entity are financial accountability and the nature and significance of the relationship. This report includes all of the funds of the Borough of East Petersburg. The Borough is not a component unit of another reporting entity, nor does it have any component units.

The following joint venture is not a component unit of the Borough of East Petersburg, and is not included in this report:

Hempfield Area Recreation Commission (HARC) – is a separate legal entity. It was organized to provide for recreational needs of the residents of the Hempfield area. HARC uses the Hempfield Sports Complex and existing school or municipal facilities to provide a wide range of activities year round under the supervision of an executive director. HARC is composed of a chairman (member-at-large) and a ten-member board with members from each of the following five entities: Borough of East Petersburg, Borough of Mountville, Hempfield School District, East Hempfield Township, and West Hempfield Township. HARC is not reported as part of the Borough's reporting entity. For the year ended December 31, 2017, the Borough contributed \$8,928 to HARC. Complete financial statements for HARC can be obtained from the HARC Office at the Hempfield Sports Complex at 950 Church Street, Landisville, PA 17538.

B. Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Borough's governmental and business-type activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include 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.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the Borough. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Borough reports the following major governmental funds:

The general fund is the Borough's principal operating fund used to account for all financial resources except those required to be in another fund. This fund also includes the activities of the payroll fund, the snow maintenance fund, the Thousand Islands LP fund, and the escrow fund.

The capital projects fund is used to account for financial resources related to fixed asset acquisitions, construction and improvements. This fund includes the Capital Reserve Funds, Park and Open Space Fund, Equipment Reserve Fund, and the Pool Reserve Fund.

The special revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The funds included in this category are:

- The Fire Tax Protection Fund was established to account for the portion of the real estate tax receipts levied for fire taxes. Disbursements from this fund are to reimburse the volunteer fire company located within the Borough for expenses incurred.
- The Highway Aid Fund was established to account for the state distributions of the proceeds from the state tax on gasoline. Under the Act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements from this fund are primarily for street construction and maintenance and repairs.

The Borough also reports the following enterprise funds:

The Municipal Trash Fund accounts for the revenues and other costs and expenses of providing trash/recycling services to residents, commercial, and industrial entities.

The Water Fund accounts for the revenues and other costs and expenses of providing water service to residents, commercial and industrial entities. This fund also includes activities of the water reserve fund.

The 6060 Main Street Fund accounts for the revenue and other costs and expenses to maintain the rental property located at 6060 Main Street.

Fiduciary Fund Types are used to account for the assets held by the Borough as a trustee or agent for individuals, private organizations and/or governmental units. The funds included in this category are:

The Non-Uniformed Pension Fund was established to provide benefits for Borough employees. The principal revenue source for these funds is state contributions, employer contributions and investment earnings.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements regardless of measurement focus.

The Borough's accounts are maintained, and these statements are presented, on the modified cash basis of accounting under which income collected, costs and expenses paid, assets, liabilities, fund balance and net assets arising as a result of cash transactions or from the acquisition of long-lived assets, for cash are recognized. Receivables, payables, and deferred expenses, which may be material in amount, are not reflected in the accompanying financial statements which are not intended to present the financial position or the results of operations in conformity with generally accepted accounting principles.

E. Budgets and Budgetary Accounting

An operating budget is adopted every year for the general fund on a modified cash basis of accounting. The general fund is the only fund for which a budget is legally required.

Appropriations lapse at the end of the year. Board approval is required for budget amendments. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at the year-end are reported as reservations of fund balances. As of December 31, 2017, the Borough had no encumbrances.

The Borough Council may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

G. Capital Assets

Capital assets are not recorded and are considered an expenditure when purchased. No depreciation has been provided for in these financial statements.

H. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest are reported as expenditures.

I. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Cash, Cash Equivalents and Investments

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

All investments are stated at cost, which approximates fair value.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. During the year ended December 31, 2017, the Borough did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. During the year ended December 31, 2017, the Borough did not have any deferred inflows of resources.

L. Net Position Flow Assumption

Sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Borough's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance Policy

The Borough implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – amounts that can be used only for the specific purposes determined by a formal action of the Borough Council (the borough's highest level of decision making authority). The Council is required to also take formal action to modify or rescind the commitment,

Assigned – amounts intended to be used by the Borough for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

Unassigned – residual classification for the Borough's general fund and includes all spendable amounts not contained in the other classifications.

N. Changes in Accounting Standards

During the year ended December 31, 2017, the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. The primary objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external reports of state and local governments. The adoption of this standard does not currently impact the Borough.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Date of Management’s Review

Management has evaluated subsequent events through May xx, 2018, the date the financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including obligations of (1) the United States of America or any of its agencies or instrumentalities back by full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation are authorized to the extent that such accounts are so insured and, for an amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in a variety of investments as determined by the respective boards.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough’s deposits may not be returned. The Borough does not have a policy for custodial credit risk. As of December 31, 2017, \$2,921,010 of the Borough’s bank balance of \$3,445,045 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ --
Collateralized with securities held by the pledging financial institution	--
Uninsured and collateral held by the pledging bank’s trust department not in the Borough’s name	<u>2,921,010</u>
	<u>\$ 2,921,010</u>

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 2,921,010
Plus: Insured Amount	524,035
Add: Deposits in Transit	28,576
Less: Outstanding Checks	<u>(77,889)</u>
Carrying Amount - Bank Balances	3,395,732
Plus: Cash on Hand	<u>200</u>
Total Cash per Financial Statements	<u>\$ 3,395,932</u>

Investments

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

<u>Investment</u>	<u>Fair Value</u>
Fulton Bank Certificates of Deposit	\$ 159,324
Union Community Bank – Money Market	<u>1,002</u>
	<u>\$ 160,326</u>

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The Borough does not have an investment policy that would limit its investment choices to certain credit ratings.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2017, \$159,324 of the Borough's investments of \$160,326 were exposed to custodial risk as:

Insured or Registered	\$	--
Uninsured or unregistered with securities held by counterparty's trust department		--
Uninsured or unregistered held by the counterparty or by its trust department not in the Borough's name, but pledged collateral under Act 72		<u>159,324</u>
	<u>\$</u>	<u>159,324</u>

Beginning January 1, 2013, all interest and noninterest bearing demand accounts are aggregated in total by financial institution and are fully insured up to \$250,000. Time and savings accounts also have FDIC insurance coverage up to \$250,000. The Borough currently has \$524,035 of FDIC protection, however the remaining deposits of \$2,921,010 with Fulton Bank are still secure, as they are covered by the Pennsylvania Act 72 Collateralization Pool.

Concentration of Credit Risk – Deposits and Investments

All of the Borough's deposits are held with Fulton Bank, except for \$25,037 held at Union Community Bank.

Credit Risk

The Borough does not have an investment policy that would limit its investment choices to certain credit ratings.

NOTE 3 – INVESTMENTS - PENSION TRUST FUNDS

Investments

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

<u>Investment</u>	<u>Fair Value</u>	
<u>Non-Uniformed Pension Fund</u>		
Conrad Siegel Actuaries	<u>232,190</u>	<u>100.00%</u>
	<u>\$ 232,190</u>	<u>100.00%</u>

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 – PROPERTY TAXES AND TAXES RECEIVABLE

The Borough of East Petersburg did not report taxes receivable or deferred taxes under the modified cash basis of accounting. The amount of real estate taxes receivable at December 31, 2017 was \$16,585, all of which was estimated to be collectible by management.

Property taxes are levied as of January 1 on property values assessed by the county as of the same date. The Borough of East Petersburg's tax rate for the year ended on December 31, 2017 was 3.394 mills (\$3.394 per \$1,000 of assessed valuation) for general Borough purposes and .763 mills (\$.763 per \$1,000 of assessed valuation) for fire protection purposes. A 2% discount is given on taxes paid prior to May 1, the face amount is payable May 1 – June 30 and a 10% penalty is assessed on payment received after June 30. Unpaid taxes as of December 31st are submitted to the tax claim bureau for collection on January 15th of the year following assessment.

NOTE 5 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2017 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	
General Fund	\$ --	\$ 16,535	
Capital Projects Fund	15,000	--	
Municipal Trash Fund	231	--	
Water Fund	<u>1,304</u>	<u>--</u>	
	<u>\$ 16,535</u>	<u>\$ 16,535</u>	

The interfund balances have arisen due to the transfer of cash amounts between the various funds, that will be repaid after year-end.

Interfund transfers as of December 31, 2017 were as follows:

	<u>Transfer from Other Funds</u>	<u>Transfer to Other Funds</u>	
General Fund	\$ 15,000	\$ 89,346	
Municipal Trash Fund	--	15,000	
Capital Projects Fund	99,346	--	
Water Fund	<u>--</u>	<u>10,000</u>	
	<u>\$ 114,346</u>	<u>\$ 114,346</u>	

The interfund transfer from the Municipal Trash Fund to the General Fund in the amount of \$15,000 was to cover payroll expenditures. The General Fund transferred \$89,346 to the Capital Projects Fund for future capital expenditures. The Water Fund also transferred \$10,000 to the Capital Projects Fund for future equipment purchases.

NOTE 6 – COMPENSATED ABSENCES

Borough employees are entitled to compensated absences consisting of accrued vacation and sick leave. As established by policy, the Borough pays all employees who terminate employment or retire for their accumulated sick leave based on \$50 per day. Accrued vacation of up to one week must be used in the first quarter of the next fiscal year. At December 31, 2017, the amount of accrued vacation and sick leave was \$5,260.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 7 – LONG-TERM DEBT

The Borough of East Petersburg did not report long-term debt on the face of the statements under the modified cash basis of accounting.

During 2017, long-term debt changed as follows:

Beginning of Year	\$ 498,909
Principal Paid	<u>(74,663)</u>
End of Year	<u>\$ 424,246</u>

Long-term debt consists of the following:

	December 31, 2017	Interest Rate	Maturity Date
General Obligation Note – Series A of 2013	\$ 257,804	3.60%	1/1/2024
General Obligation Note – Series B of 2013	90,108	3.60%	1/1/2024
Union Community Bank Note	<u>76,334</u>	3.85%	1/25/2021
	<u>\$ 424,246</u>		

During the year ended December 31, 2013, the Borough issued General Obligation Note Series A and B of 2013 with Fulton Bank to refinance General Obligation Note, Series A and B of 2004 and General Obligation Note, Series A and B of 2008, as well as to borrow additional funds to obtain real estate. The Note bears an interest rate of 3.60% until the seventh anniversary date of the issuance, and thereafter, the Note shall bear an interest to maturity at a variable rate equal to sixty-five (65%) percent of the Fulton Bank Prime Rate.

In January 2016, the Borough entered into a loan agreement with Union Community Bank for the purchase of a 2016 Freightliner, a Galion Dump Body and Western Snow Plow in the amount of \$123,000. The loan bears an interest rate of 3.85% and is payable in sixty (60) monthly installments of \$2,259.

The calculated future annual payments required to amortize the debt outstanding as of December 31, 2017 are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$ 77,177	\$ 14,489	\$ 91,666
2019	80,106	11,560	91,666
2020	83,052	8,547	91,599
2021	58,782	5,767	64,549
2022	60,964	3,586	64,550
2023	<u>64,165</u>	<u>1,323</u>	<u>65,488</u>
	<u>\$ 424,246</u>	<u>\$ 45,272</u>	<u>\$ 469,518</u>

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 – NONUNIFORM PENSION PLAN

The Borough administers a defined contribution pension plan – The Non-Uniformed Employee Pension Plan (NEPP). The NEPP is a single-employer defined contribution pension plan that covers all full-time, non-uniformed employees of the Borough. The plan is governed by the East Petersburg Borough Council, who is responsible for the management of plan assets. All full-time, non-uniformed employees join the Plan on January 1 or July 1 after completion of one year of service and attainment of age 21. At December 31, 2017, there were nine plan members. The Borough contributes an amount (determined annually) which is allocated to participants based on compensation. Members are not required to contribute to the plan. For the year ended December 31, 2017, the Borough contributed eight percent (8%) of salary amounts to the Plan. The employer contributions for the year ended December 31, 2017 were \$30,269.

NOTE 9 – FUND BALANCE

Restricted Fund Balance

The Borough's restricted fund balances are amounts restricted by outside parties. As of December 31, 2017, the Borough's restricted fund balance was \$1,333,231, which consisted of funds in the amount of \$275,042 restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes; \$902,802 restricted for Capital Purposes; and \$155,387 for fire protection services.

Assigned Fund Balance

As of December 31, 2017, the Borough's assigned fund balance of \$65,098 consisted of funds set aside for snow maintenance expenses.

NOTE 10 – RISK MANAGEMENT

The Borough is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2017 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 11 – SWIMMING POOL MAINTENANCE AGREEMENT

In 2014, the Borough re-entered into a five year agreement (12/4/14 – 12/4/19) with the Hempfield Area Recreation Commission (HARC) to operate and manage the East Petersburg swimming pool. Under this agreement, HARC is appointed and hired as the managing agent of the swimming pool operations. The Borough retains ownership of the swimming pool facilities. After the five years of the agreement are completed, the agreement shall renew each year thereafter and continue on a year to year basis.

NOTE 12 – POLICE SERVICE CONTRACT

The Borough of East Petersburg contracts for police services with Manheim Township. The contract was originally signed in 1977. The Borough made six equal installments to Manheim Township totaling \$636,419 during the year ended December 31, 2017.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 13 – LEASES

The Borough entered into a contract with the Slatehouse Group for property management services for the residential rental property located at 6060 Main Street within the Borough. The Slatehouse Group retains a broker's fee of 6% of gross rental income each month. The agreement also states that the Slatehouse Group will earn a tenant replacement fee equal to 50% of one month's rent to lease the property. During the year ended December 31, 2017, the Borough terminated this agreement. In May 2017, the Borough began using Realty Professional Group, LLC. The Borough received rental income in the amount of \$14,400 and paid property management fees in the amount of \$948.

NOTE 14 – EXPENDITURES IN EXCESS OF BUDGET

The Borough's General Fund total expenditures exceeded budgeted amounts by \$15,247. The additional expenditures were appropriated from excess revenues received during the year.

NOTE 15 – TAX ABATEMENTS

The Borough has not entered into tax abatement agreements with taxpayers. However, the Borough is involved in the Pennsylvania Department of Agriculture's Clean and Green Program. The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces.

For the year ended December 31, 2017, the Borough abated \$979 under this program.

NOTE 16 – SUBSEQUENT EVENT

At the February 6, 2018 Council meeting, the Borough awarded a bid for the New Street Improvement Project to E.K. Services, Inc. in the amount of \$46,320.

OTHER INFORMATION
OF
BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA
DECEMBER 31, 2017

DRAFT

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MODIFIED CASH BASIS – GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real Estate Taxes and Penalties	\$ 817,600	\$ 817,600	\$ 819,469	\$ 1,869
Other Taxes	625,000	625,000	703,157	78,157
Licenses and Permits	55,020	55,020	69,371	14,351
Fines and Forfeits	20,000	20,000	18,201	(1,799)
Interest, Rents and Royalties	6,400	6,400	8,090	1,690
Intergovernmental Revenue	41,600	41,600	41,874	274
Charges for Services	44,200	44,200	40,410	(3,790)
Miscellaneous Revenue	5,000	5,000	6,776	1,776
	<u>1,614,820</u>	<u>1,614,820</u>	<u>1,707,348</u>	<u>92,528</u>
TOTAL REVENUES				
EXPENDITURES				
General Government	256,264	256,264	238,847	17,417
Public Safety	829,300	829,300	884,450	(55,150)
Highways and Streets	216,390	216,390	164,933	51,457
Culture and Recreation	117,300	117,300	105,414	11,886
Debt Service	--	--	47,831	(47,831)
Employee Benefits, Insurance and Other Miscellaneous Expenditures	70,350	70,350	63,376	6,974
	<u>1,489,604</u>	<u>1,489,604</u>	<u>1,504,851</u>	<u>(15,247)</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>125,216</u>	<u>125,216</u>	<u>202,497</u>	<u>77,281</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	--	--	15,000	15,000
Transfers Out	(100,000)	(100,000)	(89,346)	10,654
Refund of Prior Year Expenditures	--	--	4,253	4,253
	<u>(100,000)</u>	<u>(100,000)</u>	<u>(70,093)</u>	<u>29,907</u>
TOTAL OTHER FINANCING SOURCES (USES)				
Changes in Fund Balances	25,216	25,216	132,404	107,188
Fund Balances – January 1, 2017	<u>594,206</u>	<u>594,206</u>	<u>594,206</u>	<u>--</u>
Fund Balances – December 31, 2017	<u>\$ 619,422</u>	<u>\$ 619,422</u>	<u>\$ 726,610</u>	<u>\$ 107,188</u>

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION
OF
BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA
DECEMBER 31, 2017

DRAFT

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017**

	<u>Capital Reserve Fund 30</u>	<u>Capital Reserve Fund 31</u>	<u>Equipment Reserve Fund</u>	<u>Pool Reserve Fund</u>	<u>Park & Open Space Fund</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 616,178	\$ --	\$ 105,896	\$ 15,901	\$ 10,881	\$ 748,856
Investments	138,946	--	--	--	--	138,946
Due from Other Funds	15,000	--	--	--	--	15,000
Total Current Assets	<u>770,124</u>	<u>--</u>	<u>105,896</u>	<u>15,901</u>	<u>10,881</u>	<u>902,802</u>
TOTAL ASSETS	<u>\$ 770,124</u>	<u>\$ --</u>	<u>\$ 105,896</u>	<u>\$ 15,901</u>	<u>\$ 10,881</u>	<u>\$ 902,802</u>
LIABILITIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES						
Restricted	<u>770,124</u>	<u>--</u>	<u>105,896</u>	<u>15,901</u>	<u>10,881</u>	<u>902,802</u>
TOTAL FUND BALANCES	<u>770,124</u>	<u>--</u>	<u>105,896</u>	<u>15,901</u>	<u>10,881</u>	<u>902,802</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 770,124</u>	<u>\$ --</u>	<u>\$ 105,896</u>	<u>\$ 15,901</u>	<u>\$ 10,881</u>	<u>\$ 902,802</u>

See accompanying independent auditor's report.

**BOROUGH OF EAST PETERSBURG
EAST PETERSBURG, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS – CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017**

	Capital Reserve Fund 30	Capital Reserve Fund 31	Equipment Reserve Fund	Pool Reserve Fund	Park & Open Space Fund	Total
REVENUES						
Interest, Rents and Royalties	\$ 149	\$ --	\$ --	\$ --	\$ --	\$ 149
TOTAL REVENUES	<u>149</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>149</u>
EXPENDITURES						
General Government	--	--	8,640	--	--	8,640
Highways and Streets	82,344	--	--	--	--	82,344
Debt Service	27,117	--	--	--	--	27,117
TOTAL EXPENDITURES	<u>109,461</u>	<u>--</u>	<u>8,640</u>	<u>--</u>	<u>--</u>	<u>118,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(109,312)</u>	<u>--</u>	<u>(8,640)</u>	<u>--</u>	<u>--</u>	<u>(117,952)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	--	--	17,500	--	--	17,500
Transfer In	73,739	--	25,000	5,000	--	103,739
Transfer Out	--	(4,393)	--	--	--	(4,393)
TOTAL OTHER FINANCING SOURCES (USES)	<u>73,739</u>	<u>(4,393)</u>	<u>42,500</u>	<u>5,000</u>	<u>--</u>	<u>116,846</u>
Changes in Fund Balances	<u>(35,573)</u>	<u>(4,393)</u>	<u>33,860</u>	<u>5,000</u>	<u>--</u>	<u>(1,106)</u>
Fund Balances – January 1, 2017	<u>805,697</u>	<u>4,393</u>	<u>72,036</u>	<u>10,901</u>	<u>10,881</u>	<u>903,908</u>
Fund Balances – December 31, 2017	<u>\$ 770,124</u>	<u>\$ --</u>	<u>\$ 105,896</u>	<u>\$ 15,901</u>	<u>\$ 10,881</u>	<u>\$ 902,802</u>

See accompanying independent auditor's report.