

BOROUGH OF LITTLESTOWN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2017

BOROUGH OF LITTLESTOWN

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4
Fund Financial Statements	
Balance Sheet - Governmental Funds - Modified Cash Basis	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis	8
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund - Modified Cash Basis	9
Statement of Net Position - Proprietary Funds - Modified Cash Basis	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds - Modified Cash Basis	11-12
Statement of Cash Flows - Proprietary Funds - Modified Cash Basis	13-14
Statement of Fiduciary Net Position - Modified Cash Basis	15
Statement of Changes in Fiduciary Net Position - Pension Funds - Modified Cash Basis	16
Notes to Financial Statements - Modified Cash Basis	17-39
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Non-Major Governmental Funds - Modified Cash Basis	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds - Modified Cash Basis	41

Lynn C. Rotz, CPA, CGMA
Todd F. Stonesifer, CPA, CGMA, CVA
L. David Law, CPA
Michael C. Buhrman, CPA**
Wanda K. Dietrich, CPA
Jodi Frank Zeis, CPA
William E. Sanders, CPA, MBA*
Jennifer S. Gable, CPA, MBA
Michael L. Rider, CPA
Randall E. Zook, CPA
Dennis J. Shindle, Jr., CPA
Adam C. Cosden, CPA*
Erica M. Thornton, CPA
Jennifer L. Barrick, CPA
Sean M. Raczkowski, CPA
Lisa D. Gearhart, CPA*
Jessica L. Tice, CPA
Darlene M. Kelly, CPA
Leon I. Butler, CPA, ABV
Richard E. Butler, CPA
Cathy J. Butler, CPA
Misty A. Danner, CPA

*Also licensed in Maryland
**Also licensed in Florida

Chambersburg
1134 Kennebec Drive
Chambersburg, PA 17201
717-264-5961
Fax: 717-264-7377

Greencastle
643A E. Baltimore Street
Greencastle, PA 17225
717-597-8724
717-328-4122
Fax: 717-597-4043

East Berlin
104 Locust Street
East Berlin, PA 17316
717-801-0568
Fax: 717-259-0090

York
200 E. Market Street
York, PA 17403
717-843-9911
Fax: 717-845-8730

RotzandStonesifer.com

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INDEPENDENT AUDITOR'S REPORT

Borough Council
Borough of Littlestown
Littlestown, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Littlestown, Pennsylvania, 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 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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Littlestown, Pennsylvania, as of December 31, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash 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 principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Littlestown's basic financial statements. The combining non-major fund financial statements on pages 40 and 41, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Rotz & Stonesifer, P.C.

Chambersburg, Pennsylvania
April 30, 2018

BOROUGH OF LITTLESTOWN

STATEMENT OF NET POSITION MODIFIED CASH BASIS

December 31, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash & cash equivalents	\$ 2,601,724	\$ 5,188,415	\$ 7,790,139
Investments	91,926	1,229	93,155
Internal balances	-	21,540	21,540
Receivable from fiduciary fund	32,546	11,621	44,167
Prepaid bond insurance - net of accumulated amortization	9,223	11,567	20,790
Property & equipment - net of accumulated depreciation	6,853,639	17,367,970	24,221,609
TOTAL ASSETS	<u>9,589,058</u>	<u>22,602,342</u>	<u>32,191,400</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding - net of accumulated amortization	35,701	72,442	108,143
LIABILITIES			
Internal balances	9,246	12,294	21,540
Capital lease obligation			
Due within one year	6,786	-	6,786
Due in more than one year	169,050	-	169,050
Bonds payable			
Due within one year	175,000	432,657	607,657
Due in more than one year	1,928,235	3,232,987	5,161,222
Notes payable			
Due within one year	-	361,629	361,629
Due in more than one year	-	6,581,836	6,581,836
TOTAL LIABILITIES	<u>2,288,317</u>	<u>10,621,403</u>	<u>12,909,720</u>
NET POSITION			
Invested in capital assets - net of related debt	4,574,568	6,758,861	11,333,429
Restricted for:			
Highway aid	463,976	-	463,976
Parks & recreation	103,814	31,259	135,073
Traffic control	106,138	-	106,138
Christmas lighting	29,412	-	29,412
Public safety	12,784	-	12,784
Fire protection	3,368	-	3,368
Unrestricted	2,042,382	5,263,261	7,305,643
TOTAL NET POSITION	<u>\$ 7,336,442</u>	<u>\$ 12,053,381</u>	<u>\$ 19,389,823</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

Functions / Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 153,855	\$ 89,225	\$ 1,731	\$ -	\$ (62,899)	\$ -	\$ (62,899)
Public safety	868,659	49,931	10,555	23,997	(784,176)	-	(784,176)
Public works	444,551	15,574	130,478	-	(298,499)	-	(298,499)
Culture & recreation	55,219	9,475	27,601	-	(18,143)	-	(18,143)
Debt service	48,952	-	-	-	(48,952)	-	(48,952)
Employer paid benefits & withholdings	424,591	10,276	114,706	-	(299,609)	-	(299,609)
Insurance	56,601	-	-	-	(56,601)	-	(56,601)
Total Governmental Activities	2,052,428	174,481	285,071	23,997	(1,568,879)	-	(1,568,879)
Business-Type Activities							
Water	763,791	876,691	-	-	-	112,900	112,900
Sewer	1,205,499	1,521,394	-	-	-	315,895	315,895
Pool	99,415	76,145	-	24,992	-	1,722	1,722
Total Business-Type Activities	2,068,705	2,474,230	-	24,992	-	430,517	430,517
Total Borough	\$ 4,121,133	\$ 2,648,711	\$ 285,071	\$ 48,989	\$ (1,568,879)	\$ 430,517	\$ (1,138,362)
General Revenues & Transfers							
Property taxes, levied for general purposes					\$ 1,226,725	\$ -	\$ 1,226,725
Earned income taxes					458,742	-	458,742
Real estate transfer taxes					111,919	-	111,919
Fire protection taxes					82,793	-	82,793
Other taxes					72,402	-	72,402
Investment earnings					14,800	44,396	59,196
Miscellaneous					54,284	-	54,284
Transfers					(500,106)	500,106	-
Total General Revenues & Transfers					1,521,559	544,502	2,066,061
Changes in Net Position					(47,320)	975,019	927,699
Net Position - January 1, 2017					7,383,762	11,078,362	18,462,124
Net Position - December 31, 2017					\$ 7,336,442	\$ 12,053,381	\$ 19,389,823

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

BALANCE SHEET - GOVERNMENTAL FUNDS MODIFIED CASH BASIS

December 31, 2017

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & cash equivalents	\$ 2,120,168	\$ 481,556	\$ 2,601,724
Investments	-	91,926	91,926
Due from fiduciary fund	32,546	-	32,546
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,152,714</u>	<u>\$ 573,482</u>	<u>\$ 2,726,196</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 9,246	\$ -	\$ 9,246
 Fund Balances			
Restricted	146,010	573,482	719,492
Unassigned	1,997,458	-	1,997,458
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,143,468</u>	<u>573,482</u>	<u>2,716,950</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,152,714</u>	<u>\$ 573,482</u>	<u>\$ 2,726,196</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2017

Total Fund Balances - Governmental Funds \$ 2,716,950

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in governmental funds. The cost of assets is \$9,964,264 and the related accumulated depreciation is \$3,110,625. 6,853,639

Governmental funds report insurance premiums paid for bonds as expenditures. However, in the Statement of Activities, the cost of bond insurance is allocated over the life of the debt issue. This is the amount by which prepaid bond insurance costs exceed accumulated amortization. 9,223

Long-term liabilities, including bonds payable and capital lease obligations, are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Unamortized deferred amount on refunding	35,701	
Unamortized bond premiums	11,765	
Capital lease obligation	(175,836)	
Bonds payable	(2,115,000)	
		<u>(2,243,370)</u>

Total Net Position - Governmental Activities \$ 7,336,442

BOROUGH OF LITTLESTOWN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 1,869,788	\$ 82,793	\$ 1,952,581
Intergovernmental revenue	153,894	130,478	284,372
Charges for services	52,457	-	52,457
Rents	41,422	-	41,422
Miscellaneous income	38,319	-	38,319
Fines & forfeits	38,185	-	38,185
Contributions	27,601	-	27,601
Licenses & permits	27,211	-	27,211
Investment income	11,969	2,831	14,800
Assessments	-	2,026	2,026
Total Revenues	<u>2,260,846</u>	<u>218,128</u>	<u>2,478,974</u>
Expenditures			
Public safety	832,879	79,425	912,304
Employer paid benefits & withholdings	424,591	-	424,591
Public works	189,977	51,814	241,791
Debt service	218,518	-	218,518
General government	125,396	-	125,396
Insurance	56,601	-	56,601
Culture & recreation	43,933	-	43,933
Total Expenditures	<u>1,891,895</u>	<u>131,239</u>	<u>2,023,134</u>
Excess of Revenues Over Expenditures	368,951	86,889	455,840
Other Financing Sources (Uses)			
Refund of prior year expenditures	17,406	-	17,406
Proceeds from sale of assets	7,967	-	7,967
Refund of prior year revenues	(3,633)	-	(3,633)
Interfund transfers	50,660	(550,766)	(500,106)
Total Other Financing Sources - Net	<u>72,400</u>	<u>(550,766)</u>	<u>(478,366)</u>
Net Change in Fund Balances	441,351	(463,877)	(22,526)
Fund Balances			
January 1, 2017	1,702,117	1,037,359	2,739,476
December 31, 2017	<u>\$ 2,143,468</u>	<u>\$ 573,482</u>	<u>\$ 2,716,950</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES MODIFIED CASH BASIS

For the Year Ended December 31, 2017

Net Change in Fund Balances - Governmental Funds \$ (22,526)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those outlays is allocated over the assets' useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	119,975	
Less depreciation expense	<u>(321,035)</u>	(201,060)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond insurance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of long-term debt	175,000	
Repayment of capital lease obligation	6,700	
Unamortized prepaid bond insurance on refunded debt	(3,536)	
Amortization of prepaid bond insurance	(908)	
Amortization of bond discounts	<u>(990)</u>	<u>176,266</u>

Changes in Net Position - Governmental Activities \$ (47,320)

BOROUGH OF LITTLESTOWN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,642,475	\$ 1,869,788	\$ 227,313
Intergovernmental revenue	221,103	153,894	(67,209)
Charges for services	49,560	52,457	2,897
Rents	25,000	41,422	16,422
Miscellaneous income	33,321	38,319	4,998
Fines & forfeits	41,500	38,185	(3,315)
Contributions	34,135	27,601	(6,534)
Licenses & permits	15,500	27,211	11,711
Investment income	3,010	11,969	8,959
Total Revenues	<u>2,065,604</u>	<u>2,260,846</u>	<u>195,242</u>
Expenditures			
Public safety	848,530	832,879	15,651
Employer paid benefits & withholdings	538,737	424,591	114,146
Debt service	218,858	218,518	340
Public works	253,903	189,977	63,926
General government	124,243	125,396	(1,153)
Insurance	48,640	56,601	(7,961)
Culture & recreation	58,023	43,933	14,090
Total Expenditures	<u>2,090,934</u>	<u>1,891,895</u>	<u>199,039</u>
Excess of Revenues Over Expenditures	(25,330)	368,951	394,281
Other Financing Sources (Uses)			
Interfund transfers	25,580	50,660	25,080
Refund of prior year expenditures	-	17,406	17,406
Proceeds from sale of assets	-	7,967	7,967
Refund of prior year revenue	(250)	(3,633)	(3,383)
Total Other Financing Sources - Net	<u>25,330</u>	<u>72,400</u>	<u>47,070</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>441,351</u>	<u>\$ 441,351</u>
Fund Balance			
January 1, 2017		1,702,117	
December 31, 2017		<u>\$ 2,143,468</u>	

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF NET POSITION - PROPRIETARY FUNDS MODIFIED CASH BASIS

December 31, 2017

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Pool Fund</u>	<u>Total Proprietary Funds</u>
ASSETS				
Current Assets				
Cash & cash equivalents				
Unrestricted	\$ 1,876,169	\$ 3,247,671	\$ 33,316	\$ 5,157,156
Restricted	-	-	31,259	31,259
Investments	-	1,229	-	1,229
Due from other funds	16,917	4,623	-	21,540
Due from fiduciary fund	5,807	5,814	-	11,621
Total Current Assets	<u>1,898,893</u>	<u>3,259,337</u>	<u>64,575</u>	<u>5,222,805</u>
Noncurrent Assets				
Prepaid bond insurance - net of accumulated amortization	10,053	1,514	-	11,567
Property & equipment - net of accumulated depreciation	5,017,139	11,993,480	357,351	17,367,970
Total Noncurrent Assets	<u>5,027,192</u>	<u>11,994,994</u>	<u>357,351</u>	<u>17,379,537</u>
TOTAL ASSETS	6,926,085	15,254,331	421,926	22,602,342
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding - net of accumulated amortization	63,572	8,870	-	72,442
LIABILITIES				
Current Liabilities				
Due to other funds	-	12,294	-	12,294
Current portion of bonds payable	145,000	287,657	-	432,657
Current portion of notes payable	-	361,629	-	361,629
Total Current Liabilities	<u>145,000</u>	<u>661,580</u>	<u>-</u>	<u>806,580</u>
Noncurrent Liabilities				
Bonds payable - net of current portion	3,232,987	-	-	3,232,987
Notes payable - net of current portion	-	6,581,836	-	6,581,836
Total Noncurrent Liabilities	<u>3,232,987</u>	<u>6,581,836</u>	<u>-</u>	<u>9,814,823</u>
TOTAL LIABILITIES	3,377,987	7,243,416	-	10,621,403
NET POSITION				
Invested in capital assets - net of related debt	1,639,152	4,762,358	357,351	6,758,861
Restricted for recreation	-	-	31,259	31,259
Unrestricted	1,972,518	3,257,427	33,316	5,263,261
TOTAL NET POSITION	<u>\$ 3,611,670</u>	<u>\$ 8,019,785</u>	<u>\$ 421,926</u>	<u>\$ 12,053,381</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Non-Major</u> Pool <u>Fund</u>	Total Proprietary <u>Funds</u>
Operating Revenues				
Charges for services	\$ 779,664	\$ 1,459,898	\$ 75,326	\$ 2,314,888
Connection / tapping fees	29,497	47,894	-	77,391
Other revenue	-	12,131	819	12,950
Fines & collection fees	6,293	1,471	-	7,764
Other fees	7,022	-	-	7,022
Total Operating Revenues	<u>822,476</u>	<u>1,521,394</u>	<u>76,145</u>	<u>2,420,015</u>
Operating Expenses				
Depreciation	171,227	446,761	19,660	637,648
Salaries & wages	177,344	177,674	39,356	394,374
Employee benefits	97,012	97,013	-	194,025
Utilities	55,496	86,497	5,639	147,632
Contracted services	38,100	98,622	354	137,076
Repairs & maintenance	64,483	48,318	7,230	120,031
Materials & supplies	11,655	39,426	21,470	72,551
Administrative	22,420	22,659	1,559	46,638
Payroll taxes	14,806	14,833	4,147	33,786
Insurance	16,242	16,242	-	32,484
Engineering costs	10,516	11,137	-	21,653
Total Operating Expenses	<u>679,301</u>	<u>1,059,182</u>	<u>99,415</u>	<u>1,837,898</u>
Operating Income (Loss)	143,175	462,212	(23,270)	582,117

(Continued)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Pool Fund</u>	<u>Total Proprietary Funds</u>
Nonoperating Revenues (Expenses)				
Investment income	15,849	28,533	14	44,396
Rental income	54,215	-	-	54,215
Contributions	-	-	24,992	24,992
Amortization	(678)	(81)	-	(759)
Interest expense	(83,812)	(146,236)	-	(230,048)
Total Nonoperating Revenues (Expenses)	<u>(14,426)</u>	<u>(117,784)</u>	<u>25,006</u>	<u>(107,204)</u>
Income before Transfers	128,749	344,428	1,736	474,913
Interfund transfers	<u>173,876</u>	<u>326,230</u>	<u>-</u>	<u>500,106</u>
Changes in Net Position	302,625	670,658	1,736	975,019
Net Position				
January 1, 2017	3,309,045	7,349,127	420,190	11,078,362
December 31, 2017	<u>\$ 3,611,670</u>	<u>\$ 8,019,785</u>	<u>\$ 421,926</u>	<u>\$ 12,053,381</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	Water Fund	Sewer Fund	Non-Major Pool Fund	Total Proprietary Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 822,476	\$ 1,521,394	\$ 76,145	\$ 2,420,015
Cash payments for goods & services	(330,730)	(434,747)	(40,399)	(805,876)
Cash payments to employees for services	(177,344)	(177,674)	(39,356)	(394,374)
Net Cash Provided by (Used in)				
Operating Activities	314,402	908,973	(3,610)	1,219,765
Cash Flows from Noncapital Financing Activities:				
Transfers from other funds	156,959	338,524	-	495,483
Transfers to other funds	-	(4,623)	-	(4,623)
Contributions	-	-	24,992	24,992
Net Cash Provided by Noncapital				
Financing Activities	156,959	333,901	24,992	515,852
Cash Flows from Capital and Related				
Financing Activities:				
Purchase of property & equipment	(40,547)	(145,926)	-	(186,473)
Principal paid on long-term debt	(145,000)	(615,066)	-	(760,066)
Interest paid	(79,936)	(146,709)	-	(226,645)
Net Cash Used in Capital and Related				
Financing Activities	(265,483)	(907,701)	-	(1,173,184)
Cash Flows from Investing Activities:				
Investment income	15,849	28,533	14	44,396
Rental income	54,215	-	-	54,215
Net Cash Provided by Investing Activities	70,064	28,533	14	98,611
Net Change in Cash and Cash Equivalents	275,942	363,706	21,396	661,044
Cash and Cash Equivalents:				
January 1, 2017	1,600,227	2,883,965	43,179	4,527,371
December 31, 2017	<u>\$ 1,876,169</u>	<u>\$ 3,247,671</u>	<u>\$ 64,575</u>	<u>\$ 5,188,415</u>

(Continued)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Pool Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 143,175	\$ 462,212	\$ (23,270)	\$ 582,117
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	171,227	446,761	19,660	637,648
Net Cash Provided by (Used in) Operating Activities	<u>\$ 314,402</u>	<u>\$ 908,973</u>	<u>\$ (3,610)</u>	<u>\$ 1,219,765</u>

**Schedule of Noncash Capital and Related
Financing Activities:**

Amortization of prepaid bond insurance	\$ 678	\$ 81	\$ -	\$ 759
Amortization of deferred amount on refinancing as a component of interest expense	\$ 3,918	\$ 477	\$ -	\$ 4,395
Amortization of bond discounts as a component of interest expense	\$ (42)	\$ (950)	\$ -	\$ (992)

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF FIDUCIARY NET POSITION MODIFIED CASH BASIS

December 31, 2017

	Payroll <u>Fund</u>	Police <u>Pension Fund</u>	Non-Uniformed <u>Pension Fund</u>
ASSETS			
Cash	\$ 50,147	\$ -	\$ -
Investments	-	2,147,198	780,168
TOTAL ASSETS	<u>50,147</u>	<u>2,147,198</u>	<u>780,168</u>
LIABILITIES			
Payroll taxes & withholdings	5,980	-	-
Due to other funds	44,167	-	-
TOTAL LIABILITIES	<u>50,147</u>	<u>-</u>	<u>-</u>
NET POSITION			
Reserved for Pension Benefits	<u>\$ -</u>	<u>\$ 2,147,198</u>	<u>\$ 780,168</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION FUNDS - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	<u>Police Pension Fund</u>	<u>Non-Uniformed Pension Fund</u>	<u>Total Pension Trust Funds</u>
Additions			
Contributions			
Employer	\$ -	\$ 20,761	\$ 20,761
Commonwealth of Pennsylvania	103,333	11,373	114,706
Net investment income	253,151	9,444	262,595
Total Additions	<u>356,484</u>	<u>41,578</u>	<u>398,062</u>
Deductions			
Benefits & claims	94,127	23,376	117,503
Administrative expenses	19,395	11,517	30,912
Total Deductions	<u>113,522</u>	<u>34,893</u>	<u>148,415</u>
Changes in Net Position	242,962	6,685	249,647
Net Position			
January 1, 2017	1,904,236	773,483	2,677,719
December 31, 2017	<u>\$ 2,147,198</u>	<u>\$ 780,168</u>	<u>\$ 2,927,366</u>

See accompanying notes to financial statements.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Littlestown, Pennsylvania (Borough) operates under a council-manager form of government and provides the following services as authorized by the Borough Code: Public Safety, Public Works, Health and Human Service, Culture and Recreation, Community Development, and General Government Administrative Services.

The financial statements of the Borough of Littlestown have been prepared in conformity with the modified cash basis of accounting as applied to governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

The Governmental Accounting Standards Board defines the criteria used to determine the composition of the reporting entity. The standards require that the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

The Borough is not a component unit of any other entity and is not included in any other governmental "reporting entity" since the members of Borough Council are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reporting Entity - continued

Based upon the application of the above criteria, the following entity is considered to be a component unit of the Borough:

Littlestown Borough Authority (Blended Component Unit) - The Littlestown Borough Authority (Authority) was created by the Borough to finance the construction and improvements of the water and sewer systems, which benefit the residents of the Borough. The Authority follows the same accounting policies as the primary government. The operations of the Authority are blended into those of the Borough by appropriate fund type to constitute the primary-government presentation.

Government-wide 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 governmental entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (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 included among program revenues are reported as general revenues.

Fund Financial Statements

Separate fund financial statements are provided in the report for all of the governmental, proprietary, and fiduciary funds of the Borough, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The government-wide financial statements are prepared using the “economic resources” measurement focus, as applied to the modified cash basis of accounting, as are the proprietary and fiduciary fund financial statements. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Property and equipment are capitalized and depreciated over the assets’ useful lives. Depreciation is charged as an expense against current operations, and accumulated depreciation is reported in the Statement of Net Position. Debt obligations are reported in the Statement of Net Position and payments made on debt reduce the related liabilities. This approach differs from the manner in which governmental fund financial statements are prepared; therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

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

Governmental fund financial statements are reported using the “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Revenue is recognized when received. Expenditures generally are recorded when paid. Costs for capital outlays and payments for debt service are recognized as expenditures in the period paid.

The Borough’s policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions and differs from accounting principles generally accepted in the United States of America in the following significant respects: certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected), and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund-financial statements for the governmental funds would be prepared using the modified accrual basis of accounting, while the fund-financial statements for the proprietary and fiduciary funds would be prepared using the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Governmental funds are those through which most governmental functions of the Borough are financed. The acquisition, use and balances of the Borough’s expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The Borough reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the Borough and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Additionally, the Borough reports the following non-major governmental funds:

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Highway Aid Fund - The Highway Aid Fund accounts for funds distributed by the state from the collection of the liquid fuels tax. These funds may only be expended on road and street work as authorized by the Department of Transportation.

Traffic Control Fund - The Traffic Control Fund is used to account for income received from developers who are assessed certain fees by the Borough. This revenue is to be used for traffic control related expenses.

Fire Protection Fund – The Fire Protection Fund accounts for fire taxes that are distributed by the tax collector with real estate and per capita taxes. These funds may only be used to pay the local fire company for any expenditures submitted to the Borough for reimbursement.

Proprietary-type funds are used to account for operations (a) where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis should be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with operating the sewer system, water system, and public pool. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues or expenses.

The Borough reports the following major proprietary funds:

Water Fund - The Water Fund is used to account for the revenues and expenses related to the distribution of water to residential and commercial customers serviced by the Borough.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

Sewer Fund - The Sewer Fund is used to account for the revenues and expenses related to providing sewer services to residential and commercial customers serviced by the Borough.

Additionally, the Borough reports the following non-major proprietary fund:

Pool Fund - The Pool Fund is used to account for the revenues generated from and the expenses related to the operation of the Borough's public pool that is available to residents.

Fiduciary-fund reporting focuses on net position and changes in net position and is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's general operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Borough has no investment trust funds or private-purpose trust funds, but reports the following pension trust and agency funds:

Pension Trust Funds - The Police Pension Fund and the Non-Uniformed Pension Fund account for the activities of the Borough's pension plans and accumulate resources for pension-benefit payments to qualified employees.

Payroll Fund - The Payroll Fund is used to account for assets held by the Borough in a trustee capacity for payroll withholdings.

Budgets and Budgetary Accounting

Borough Council adopts annual budgets for the funds of the Borough, on the cash basis of accounting. The General Fund is the only fund for which a budget is legally required. The following procedures are adhered to relative to the adoption of the Borough's budget:

- At least 30 days prior to the adoption of the budget, a proposed budget for the ensuing fiscal year shall be prepared in a manner designated by Borough Council and made available for public inspection for a period of ten days prior to final adoption.
- After the ten day public inspection period, Borough Council may make revisions as deemed necessary and approve final adoption of the budget, which shall be no later than December 31st. Borough Council adopts an ordinance levying the taxes for the fiscal year, for approval of the Mayor or passage over his/her veto.

Borough Council may make budget transfers or revisions during the fiscal year. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of any approved budget amendments, if applicable.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary funds, the Borough considers all highly-liquid investments, including restricted assets, with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair market value.

Capital Assets and Depreciation: Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets with an original unit cost of \$5,000 or greater are capitalized, unless assets are acquired by debt proceeds, in which case the assets must be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, their costs, and the extent to which the assets are components of larger capital projects. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market values on the dates received. The costs of normal maintenance and repairs that do not add to the values of assets or materially extend assets' lives are not capitalized. Depreciation is provided for capital assets on the straight-line basis over the estimated useful lives of the assets or groups of assets as determined by management.

Long-Term Obligations: In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the respective issues using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond insurance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, and bond-issuance costs as expenditures during the current period. The face amount of the debt issued is 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.

Compensated Absences: Police Department Employees - The Borough's policy permits permanent, full time employees of the Police Department to accumulate unused sick leave up to a maximum of 160 days. Upon retirement, the employee will be paid for 50% of unused sick leave. Upon separation from employment for any reason other than retirement, except for dismissal, the employee will be paid for 25% of unused sick leave. Vacation leave may be carried over to subsequent years up to a maximum of 5 days and unused vacation leave is paid upon retirement or separation from employment. All unused personal leave is paid out at the end of each calendar year.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Other Municipal Employees - The Borough's policy permits other municipal permanent, full time employees to accumulate unused sick leave up to a maximum of 280 days, none of which are payable upon retirement or separation from employment. Unused vacation leave is paid out annually on each employee's anniversary of their date of hire. Upon retirement or separation from employment, employees will be paid for unused vacation leave. All unused personal leave is paid out at the end of each calendar year.

During the year ended December 31, 2017, the Borough made approximately \$41,500 of payments related to the payout of compensated absences resulting from retirements or separations of employment.

Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts.

Fund Balance: In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Borough classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or laws and regulations of other governments, or amounts constrained by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Borough through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

Approval of an official motion at a formal meeting by Borough Council is required to establish, modify, or rescind committed fund balance. Borough Council, the Secretary/Treasurer or the Borough Manager have the authority to express intended uses of resources that result in assigned fund balance.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Borough's policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

Unless Borough Council specifically approves the use of committed resources, or Borough Council or the authorized body or official specifically approves the use of assigned resources, the Borough's policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

The Borough does not have a formal minimum fund balance policy.

A schedule of governmental fund balances at December 31, 2017, is as follows:

	General <u>Fund</u>	Highway <u>Aid Fund</u>	Traffic <u>Control Fund</u>	Fire Protection <u>Fund</u>	Total Governmental <u>Funds</u>
FUND BALANCES:					
Restricted					
Road & street maintenance	\$ -	\$ 463,976	\$ -	\$ -	\$ 463,976
Traffic control	-	-	106,138	-	106,138
Parks & recreation	103,814	-	-	-	103,814
Christmas lighting	29,412	-	-	-	29,412
Public safety	12,784	-	-	-	12,784
Fire protection	-	-	-	3,368	3,368
Unassigned	<u>1,997,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,997,458</u>
TOTAL FUND BALANCES	<u>\$ 2,143,468</u>	<u>\$ 463,976</u>	<u>\$ 106,138</u>	<u>\$ 3,368</u>	<u>\$ 2,716,950</u>

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue, expenditures/expenses and disclosures.

Subsequent Events: In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through April 30, 2018, the date the financial statements were available to be issued.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows / Inflows of Resources: In addition to assets, the statements 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 or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough currently has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Borough has no transactions that meet the definition of deferred inflows of resources.

NOTE 2: DEPOSITS AND INVESTMENTS

Under Section 1316 of the Pennsylvania Borough Code, the Borough is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by either:
 1. The Federal Deposit Insurance Corporation (FDIC), or
 2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
 3. The National Credit Union Share Insurance Fund (NCUSIF)to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository.
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of these political subdivisions.
- Shares of investment companies whose investments are restricted to the above categories.
- Pension trust funds may invest in any investment authorized by the Pennsylvania Common Law and other Pennsylvania statutes.

The deposit and investment policies of the Borough adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Borough policies.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 2: DEPOSITS AND INVESTMENTS - continued

Custodial-Credit Risk: Deposits

Custodial-credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. As of December 31, 2017, \$7,499,925 of the Borough's total deposit account bank balances (including certificates of deposit) of \$7,999,925 was exposed to custodial credit risk as follows:

Uninsured and collateralized by assets maintained in conformity with Act 72, held by the pledging financial institution's trust department or agent but not in the Borough's name. \$ 7,499,925

Act 72 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Credit Risk: Investments

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

	<u>Rating</u>	<u>Fair Values</u>
Principal Financial Group - Police Pension Plan	NR	\$ 2,147,198
Pennsylvania State Association of Boroughs Municipal Retirement Trust - Non-Uniformed Pension Plan	NR	780,168
		<u>\$ 2,927,366</u>

Principal Financial Group - The Police Pension Plan assets are administered by Principal Financial Group. The fund has no policy regarding credit risk, but is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The pension plan's unallocated insurance contracts are valued at fair value. Funds under the contract that have been allocated and applied to purchase immediate or deferred annuities are excluded from the plan's assets, as the obligation to pay benefits to retirees has been transferred to the administrator.

Pennsylvania State Association of Boroughs Municipal Retirement Trust - The Non-Uniformed Pension Plan is administered through the Pennsylvania State Association of Boroughs Municipal Retirement Trust. Investments in the Municipal Retirement Trust are reported at fair value. The Borough's assets with the Municipal Retirement Trust are pooled for investment purposes, and therefore, do not represent specific identifiable securities.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 2: DEPOSITS 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.

Credit Risk

As indicated above, state statutes limit the composition of the Borough's investments, and the Borough has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk

The Borough places no limit on the amounts invested in any one issuer. The Borough's investments in Principal Financial Group and Pennsylvania State Association of Boroughs Municipal Retirement Trust represent 73% and 27%, respectively, of the Borough's total investments.

NOTE 3: PROPERTY TAXES

Property taxes are levied on March 1. Taxes are collected at discounts until April 30, at face amounts from May 1 through June 30, and include penalties thereafter. The taxes are billed by Adams County and are collected by a local elected tax collector. After December 31, the bills are considered delinquent and are turned over to the Adams County Tax Claim Bureau for collection. The Borough's tax rate for all purposes in 2017 was 3.809 mills (\$3.81 per \$1,000 assessed valuation). The total assessed valuation for the 2017 tax levy was \$344,193,900. Current tax collections for the Borough were approximately 97% of the total tax levy.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 4: INTERFUND ACCOUNTS

Individual fund receivable and payable balances at December 31, 2017, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 32,546	\$ 9,246
Water Fund	22,724	-
Sewer Fund	10,437	12,294
Payroll Fund	-	44,167
	<u>\$ 65,707</u>	<u>\$ 65,707</u>

All interfund receivable/payable 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. All balances are expected to be repaid.

Operating transfer activity between funds during the year ended December 31, 2017, was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 50,660	\$ -
Water Fund	173,876	-
Sewer Fund	326,230	-
Capital Projects Funds	-	550,766
	<u>\$ 550,766</u>	<u>\$ 550,766</u>

Transfers and payments within the Borough are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, and a summary of capital asset balances as of December 31, 2017, are as follows:

	Balances <u>January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balances <u>December 31, 2017</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 172,421	\$ -	\$ -	\$ 172,421
Total capital assets not being depreciated	<u>172,421</u>	<u>-</u>	<u>-</u>	<u>172,421</u>
Capital assets being depreciated				
Land improvements	325,027	-	-	325,027
Buildings & improvements	1,071,726	-	-	1,071,726
Infrastructure	7,397,157	-	-	7,397,157
Machinery & equipment	948,665	119,975	(70,707)	997,933
Total capital assets being depreciated	<u>9,742,575</u>	<u>119,975</u>	<u>(70,707)</u>	<u>9,791,843</u>
Less accumulated depreciation for:				
Land improvements	(144,562)	(15,727)	-	(160,289)
Buildings & improvements	(349,620)	(27,198)	-	(376,818)
Infrastructure	(1,594,653)	(246,898)	-	(1,841,551)
Machinery & equipment	(771,462)	(31,212)	70,707	(731,967)
Total accumulated depreciation	<u>(2,860,297)</u>	<u>(321,035)</u>	<u>70,707</u>	<u>(3,110,625)</u>
Total capital assets being depreciated - net	<u>6,882,278</u>	<u>(201,060)</u>	<u>-</u>	<u>6,681,218</u>
Governmental Activities, Capital Assets - Net	<u>\$ 7,054,699</u>	<u>\$ (201,060)</u>	<u>\$ -</u>	<u>\$ 6,853,639</u>

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 5: CAPITAL ASSETS - continued

	Balances <u>January 1, 2017</u>	Increases	Decreases	Balances <u>December 31, 2017</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 12,034	\$ 72,689	\$ -	\$ 84,723
Land	197,234	-	-	197,234
Total capital assets not being depreciated	<u>209,268</u>	<u>72,689</u>	<u>-</u>	<u>281,957</u>
Capital assets being depreciated				
Land improvements	138,786	-	-	138,786
Buildings & improvements	667,384	-	-	667,384
Infrastructure	22,669,592	66,431	-	22,736,023
Machinery & equipment	472,424	47,353	-	519,777
Total capital assets being depreciated	<u>23,948,186</u>	<u>113,784</u>	<u>-</u>	<u>24,061,970</u>
Less accumulated depreciation for:				
Land improvements	(99,393)	(4,543)	-	(103,936)
Buildings & improvements	(347,366)	(12,642)	-	(360,008)
Infrastructure	(5,535,301)	(604,031)	-	(6,139,332)
Machinery & equipment	(356,249)	(16,432)	-	(372,681)
Total accumulated depreciation	<u>(6,338,309)</u>	<u>(637,648)</u>	<u>-</u>	<u>(6,975,957)</u>
Total capital assets being depreciated - net	<u>17,609,877</u>	<u>(523,864)</u>	<u>-</u>	<u>17,086,013</u>
Business-Type Activities, Capital Assets - Net	<u>\$ 17,819,145</u>	<u>\$ (451,175)</u>	<u>\$ -</u>	<u>\$ 17,367,970</u>

Depreciation expense was charged to the functions/programs of the Borough as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
General government	\$ 28,459	\$ -
Public safety	8,953	-
Public works	265,637	617,988
Culture & recreation	17,986	19,660
	<u>\$ 321,035</u>	<u>\$ 637,648</u>

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 6: CAPITAL LEASE OBLIGATION - RELATED PARTY

The Borough entered into a capital lease agreement with a Borough Council Member for facilities, which are contributed to the library located within the Borough. The lease agreement grants the Borough the first right and option to purchase the facilities for one dollar from the estate of the lessor upon transfer. The Borough makes monthly payments of \$750, due and payable the first of each month.

The assets held under this capital lease are included in total Governmental Activities capital assets at December 31, 2017 and consist of the following:

	<u>Amount</u>
Buildings & improvements	\$ 224,293
Less accumulated depreciation	42,055
	<u>\$ 182,238</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 9,000
2019	9,000
2020	9,000
2021	9,000
2022	9,000
2023 - 2027	45,000
2028 - 2032	45,000
2033 - 2037	45,000
2038 - 2040	22,500
Total minimum lease payments	<u>202,500</u>
Less amount representing interest	26,664
Present value of minimum lease payments	<u>\$ 175,836</u>

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 7: LONG-TERM OBLIGATIONS

During the fiscal year ended December 31, 2017, long-term obligations changed as follows:

	Balances		Balances	
	January 1, 2017	Increase	Decrease	December 31, 2017
Governmental Activities				
General Obligation Bonds - Series of 2012	\$ 2,015,000	\$ -	\$ (170,000)	\$ 1,845,000
General Obligation Bonds - Series of 2016	275,000	-	(5,000)	270,000
	<u>2,290,000</u>	<u>-</u>	<u>(175,000)</u>	<u>2,115,000</u>
Bond discounts	(12,755)	-	990	(11,765)
Total Governmental Activities	<u>2,277,245</u>	<u>-</u>	<u>(174,010)</u>	<u>2,103,235</u>
Business-Type Activities				
General Obligation Bonds - Series of 2012	605,000	-	(75,000)	530,000
General Obligation Bonds - Series of 2016	3,445,000	-	(330,000)	3,115,000
PennVest Note	7,298,531	-	(355,066)	6,943,465
	<u>11,348,531</u>	<u>-</u>	<u>(760,066)</u>	<u>10,588,465</u>
Bond premiums	21,636	-	(992)	20,644
Total Business-Type Activities	<u>11,370,167</u>	<u>-</u>	<u>(761,058)</u>	<u>10,609,109</u>
Total Long-Term Obligations	<u>\$ 13,647,412</u>	<u>\$ -</u>	<u>\$ (935,068)</u>	<u>\$ 12,712,344</u>

General Obligation Bonds - Series of 2012 - On November 6, 2012, the Borough issued General Obligation Bonds in the principal amount of \$2,865,000. The proceeds were used to advance refund the Borough's General Obligation Bonds - Series of 2007 and to pay the costs of issuing the bonds. The bonds bear annual interest rates ranging from 1.00% to 2.35%. Interest is payable semi-annually, on May 15 and November 15, and the bonds mature serially in amounts ranging from \$5,000 to \$270,000 through November 15, 2027. The bonds are secured by the full faith, credit, and taxing power of the Borough and all revenues and receipts generated from operations of the water system. Total interest expense on the Series of 2012 Bonds for the year ended December 31, 2017, was \$47,483.

General Obligation Bonds - Series of 2016 - On August 23, 2016, the Borough issued General Obligation Bonds in the principal amount of \$4,035,000. The proceeds were used to advance refund the Borough's General Obligation Bonds - Series of 2011 and to pay the costs of issuing the bonds. The bonds bear annual interest rates ranging from 2.00% to 3.00%. Interest is payable semi-annually, on May 15 and November 15, and the bonds mature serially in amounts ranging from \$85,000 to \$395,000 through November 15, 2028. The bonds are secured by the full faith, credit, and taxing power of the Borough and all revenues and receipts generated from operations of the water system and sewer system. Total interest expense on the Series of 2016 Bonds for the year ended December 31, 2017, was \$90,830.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 7: LONG-TERM OBLIGATIONS - continued

PennVest Note - On March 21, 2013, the Borough obtained financing through a note payable from the Pennsylvania Infrastructure Investment Authority (PennVest) in the principal amount of \$8,500,000. The proceeds from the note will be used to pay the outstanding principal on the General Obligation Note – Series of 2012 when it matures, they funded the construction and improvements of the sewer system, and paid the costs of issuing the note. Monthly interest only payments were required during the construction period, with interest calculated on the outstanding principal balance at a rate of 1.833%. After the completion of construction, monthly payments of principal and interest were required in the amount of \$42,331, with an interest rate of 1.833%, for the first five years. Thereafter, the note requires monthly principal and interest payments in the amount of \$43,820, with an interest rate of 2.317%, through maturity. The note is secured by the full faith, credit, and taxing power of the Borough and a lien on all revenues and receipts generated from operations of the sewer system. As of December 31, 2017, the Borough has made draws on the note totaling \$8,150,682. Total interest expense on the PennVest Note for the year ended December 31, 2017, was \$130,809.

Maturities of the long-term debt issues are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 175,000	\$ 40,298	\$ 776,629	\$ 208,536	\$ 1,200,463
2019	180,000	38,448	507,694	203,640	929,782
2020	185,000	36,123	512,700	211,227	945,050
2021	180,000	33,210	526,193	200,071	939,474
2022	190,000	30,060	534,886	188,466	943,412
2023 - 2027	990,000	89,613	2,877,110	755,828	4,712,551
2028 - 2032	215,000	4,300	3,227,068	411,001	3,857,369
2033 - 2036	-	-	1,626,185	70,551	1,696,736
	<u>\$ 2,115,000</u>	<u>\$ 272,052</u>	<u>\$ 10,588,465</u>	<u>\$ 2,249,320</u>	<u>\$ 15,224,837</u>

NOTE 8: POLICE PENSION PLAN

Plan Description - The Borough's Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of ordinances adopted pursuant to Act 600. The plan is governed by the Borough, which may amend plan provisions, and which is responsible for the management of plan assets. The Borough has delegated the authority to manage certain plan assets to Principal Life Insurance Company.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 8: POLICE PENSION PLAN - continued

Plan Membership - As of January 1, 2017, the Police Pension Plan's membership consisted of:

Active employees	8
Retirees & beneficiaries currently receiving benefits	5
Terminated employees entitled to benefits but not yet receiving them	1
Total	<u>14</u>

Benefit Provisions - The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Plan members are fully vested after 12 years of service. A member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service. Disability benefits are available to a plan participant who is disabled as a result of performing police duties.

Basis of Accounting - The plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments - The pension plan's unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay benefits or administrative expenses charged by the Principal Life Insurance Company. The pension plan's unallocated separate accounts are valued at fair value.

Contributions - Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute to the plan. However, employee contributions are currently waived. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Net Pension Liability - Information regarding the net pension liability as of December 31, 2017 was not available at the time these financial statements were released. The components of the net pension liability of the Borough as of December 31, 2016 were as follows:

Total pension liability	\$ 2,297,911
Plan fiduciary net position	1,904,236
Net pension liability	<u>\$ 393,675</u>

Plan fiduciary net position as a percentage of the total pension liability as of December 31, 2016 was 83%.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 8: POLICE PENSION PLAN - continued

Reserves - There are no assets legally reserved for purposes other than the payment of plan-member benefits from the plan. The plan held the following investment, the fair value of which represented five percent or more of net assets available for benefits:

	<u>Fair Value</u>	<u>Percentage of Net Assets Available for Benefits</u>
Principal Financial Group	\$ 2,147,198	100%

Actuarial Methods and Assumptions - The information presented above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest valuation date used to determine the net pension liability is as follows:

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	5.00%

NOTE 9: NON-UNIFORMED PENSION PLAN

Plan Description - The Borough's Non-Uniformed Pension Plan is a single-employer defined benefit pension plan. The plan was established effective August 28, 1979 and entered into a joinder agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT) dated June 30, 2005. The plan was restructured by Ordinance No. 580, effective June 22, 2005. The plan is governed by the Borough Council which may amend plan provisions, and which is responsible for the management of plan assets. The Borough Council has delegated the authority to manage certain plan assets to the PSABMRT.

Plan Membership - Membership of the plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

Active employees	8
Retirees & beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	9
Total	20

Benefit Provisions - The plan provides vesting, retirement and optional survivor benefits to plan members and their beneficiaries.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 9: NON-UNIFORMED PENSION PLAN - continued

Basis of Accounting - The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended by Act 189. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Contributions - Act 205 of 1984, as amended by Act 189 of 1990, requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. As a condition of participation, full-time employees are not required to contribute to the plan. Furthermore, the Borough allocates State Aid from the Commonwealth of Pennsylvania for this plan. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Net Pension Liability - The components of the net pension liability of the Borough as of December 31, 2017 were as follows:

Total pension liability	\$ 757,579
Plan fiduciary net position	<u>780,168</u>
Net pension asset	<u><u>\$ 22,589</u></u>

Reserves - There are no assets legally reserved for purposes other than the payment of plan-member benefits from the plan. The plan held the following investment, the fair value of which represented five percent or more of net assets available for benefits:

	<u>Fair Value</u>	<u>Percentage of Net Assets Available for Benefits</u>
Pennsylvania State Association of Boroughs Municipal Retirement Trust	\$ 780,168	100%

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 9: NON-UNIFORMED PENSION PLAN - continued

Actuarial Methods and Assumptions - The information presented above and in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest valuation date used to determine the net pension liability is as follows:

Actuarial Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Salary Increases	4.75%
Investment Rate of Return	7.25%
Retirement Age	65

NOTE 10: DEFERRED COMPENSATION PLAN

The Borough offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is available to all Borough employees and permits employees to defer a portion of their salary until future years. No Borough contributions were made to the 457(b) plan for the year ended December 31, 2017. All amounts of deferred compensation under the plan and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose. CitiStreet, the plan administrator, is the trustee of the investments.

NOTE 11: POST-EMPLOYMENT HEALTHCARE PLAN

The Borough has a healthcare plan for retired employees of the Borough, which is a single-employer, defined-benefit healthcare plan administered by the Borough. The plan provides medical and dental benefits to eligible retirees, their spouses and dependents through the Borough's group health insurance plan, which covers both active and retired employees. The plan does not issue a publicly-available financial report.

Police Retirees – Benefit provisions are established through negotiations between the Borough and the union representing police employees and are renegotiated each bargaining period. Per the current union contract, the Borough will pay one-third (1/3) of the premium cost for coverage of the individual retiree. The retiree will reimburse the Borough, on a monthly basis, for two-thirds (2/3) of the cost attributable to providing individual coverage and for the full cost of coverage for the retiree's spouse and dependents. This benefit shall not terminate for a retiree's spouse and/or dependents upon death of such retiree.

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 11: POST-EMPLOYMENT HEALTHCARE PLAN - continued

Other Municipal Retirees – Benefit provisions are established by and may be amended by the Borough. To continue coverage, the retiree will reimburse the Borough, on a monthly basis, the full premium for coverage of the individual retiree, their spouse, and dependents.

The Borough funds the plan on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment. At December 31, 2017, three (3) retirees were participating in the Borough's group health insurance plan. All retirees participating in the plan during the year ended December 31, 2017 reimbursed the Borough for 100% of the cost of coverage; therefore, the Borough paid no expenses during 2017 for retiree health insurance coverage.

NOTE 12: PENNSYLVANIA MUNICIPAL HEALTH INSURANCE COOPERATIVE

The Borough participated in a modified self-funded risk pool for employee health insurance. The health insurance risk pool includes municipal employer participants within the state of Pennsylvania that are grouped into regional cooperatives. Since charges are currently being levied and paid by the Borough of Littlestown, no receivable or payable to the Cooperative has been reflected in these financial statements. As a result, the Borough of Littlestown has expensed all premiums paid through December 31, 2017.

NOTE 13: RISK MANAGEMENT

The Borough of Littlestown is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 14: LEASE REVENUE

The Borough has entered into three separate communication tower lease agreements, each having various consecutive renewal options at the lessee's discretion, which are expected to provide the Borough with the following estimated annual rental income for the years ending December 31:

<u>Year</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2018	\$ 20,700	\$ 18,815	\$ 39,515
2019	10,350	-	10,350
	<u>\$ 31,050</u>	<u>\$ 18,815</u>	<u>\$ 49,865</u>

BOROUGH OF LITTLESTOWN

NOTES TO FINANCIAL STATEMENTS

MODIFIED CASH BASIS

For the Year Ended December 31, 2017

NOTE 15: ENVIRONMENTAL CONCERNS

The Borough has underground storage tanks for fuel and operates a wastewater treatment facility. If a leak or contamination occurred, the Borough could become liable for the resulting cost of clean-up.

NOTE 16: CONTINGENCIES

The Borough participates in a number of federal, state and other grant programs for which it will be contingently liable for any disallowed expenditures. At December 31, 2017, the Borough was not aware of any such disallowances.

SUPPLEMENTARY INFORMATION

BOROUGH OF LITTLESTOWN

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS MODIFIED CASH BASIS

December 31, 2017

	Highway Aid Fund	Special Revenue Traffic Control Fund	Fire Protection Tax Fund	Total Non-Major Governmental Funds
ASSETS				
Cash	\$ 463,976	\$ 14,212	\$ 3,368	\$ 481,556
Investments	-	91,926	-	91,926
TOTAL ASSETS	<u>\$ 463,976</u>	<u>\$ 106,138</u>	<u>\$ 3,368</u>	<u>\$ 573,482</u>
FUND BALANCES				
Restricted	\$ 463,976	\$ 106,138	\$ 3,368	\$ 573,482
TOTAL FUND BALANCES	<u>\$ 463,976</u>	<u>\$ 106,138</u>	<u>\$ 3,368</u>	<u>\$ 573,482</u>

BOROUGH OF LITTLESTOWN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	Capital Projects Fund	Highway Aid Fund	Special Revenue Traffic Control Fund	Fire Protection Tax Fund	Total Non-Major Governmental Funds
Revenues					
Intergovernmental revenue	\$ -	\$ 130,478	\$ -	\$ -	\$ 130,478
Taxes	-	-	-	82,793	82,793
Investment income	950	537	1,344	-	2,831
Assessments	-	-	2,026	-	2,026
Total Revenues	<u>950</u>	<u>131,015</u>	<u>3,370</u>	<u>82,793</u>	<u>218,128</u>
Expenditures					
Public safety	-	-	-	79,425	79,425
Public works	-	51,814	-	-	51,814
Total Expenditures	<u>-</u>	<u>51,814</u>	<u>-</u>	<u>79,425</u>	<u>131,239</u>
Other Financing Uses					
Interfund transfers	<u>550,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,766</u>
Net Change in Fund Balances	(549,816)	79,201	3,370	3,368	(463,877)
Fund Balances					
January 1, 2017	<u>549,816</u>	<u>384,775</u>	<u>102,768</u>	<u>-</u>	<u>1,037,359</u>
December 31, 2017	<u>\$ -</u>	<u>\$ 463,976</u>	<u>\$ 106,138</u>	<u>\$ 3,368</u>	<u>\$ 573,482</u>