

TOWNSHIP OF TOBYHANNA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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As at December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Tobyhanna Township
Pocono Pines, PA

Report on the Financial Statements

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 Tobyhanna Township, as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 Tobyhanna Township, as of December 31, 2017 and the respective changes in modified cash basis financial position 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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tobyhanna Township's basic financial statements. The budgetary comparison information in the Schedule of Revenues and Expenditures - General Fund - Budget and Actual - Cash Basis and the Combining Funds Financial Statements - Cash Basis for the Special Revenue and Capital Projects funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information described above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Stroudsburg, PA
DATE, 2018

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TOWNSHIP OF TOBYHANNA
Statement of Net Position - Modified Cash Basis
As at December 31, 2017

Exhibit A

	<u>2017</u>		<u>2016</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Memorandum Total</u>
Assets:				
Cash and cash equivalents - Note 2	\$7,196,028	\$150,384	\$7,346,412	\$4,965,487
Restricted cash and cash equivalents - Note 2	1,080,684	179,285	1,259,969	1,032,516
Other receivables	<u>35,000</u>	<u>0</u>	<u>35,000</u>	<u>0</u>
Total Current Assets	<u>8,311,712</u>	<u>329,669</u>	<u>8,641,381</u>	<u>5,998,003</u>
Property and Equipment - Note 5:				
Land	2,290,922	172,813	2,463,735	2,463,735
Roads and bridges	20,629,197	0	20,629,197	19,789,311
Machinery and equipment	1,907,247	0	1,907,247	4,169,414
Sewer system	0	3,133,454	3,133,454	7,817,981
Buildings and improvements	3,490,916	0	3,490,916	6,618,924
Less: Accumulated depreciation	<u>(17,144,274)</u>	<u>(156,673)</u>	<u>(17,300,947)</u>	<u>(21,060,673)</u>
Total Property and Equipment:	<u>11,174,008</u>	<u>3,149,594</u>	<u>14,323,602</u>	<u>19,798,692</u>
Total Assets	<u>19,485,720</u>	<u>3,479,263</u>	<u>22,964,983</u>	<u>25,796,695</u>
Current Liabilities:				
Current portion of general obligation notes - Note 6	0	0	0	285,616
Customer security deposits - Payable from restricted cash	<u>571,854</u>	<u>177,500</u>	<u>749,354</u>	<u>554,538</u>
Total Current Liabilities	<u>571,854</u>	<u>177,500</u>	<u>749,354</u>	<u>840,154</u>
Long-Term Liabilities:				
General obligation notes payable - Note 6	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,709,510</u>
Total Liabilities	<u>571,854</u>	<u>177,500</u>	<u>749,354</u>	<u>4,549,664</u>
Net Position:				
Restricted	510,249	0	510,249	476,662
Net investment in capital assets	11,174,008	3,149,594	14,323,602	15,803,565
Unrestricted	<u>7,229,609</u>	<u>152,169</u>	<u>7,381,778</u>	<u>4,966,804</u>
Total Net Position	<u>\$18,913,866</u>	<u>\$3,301,763</u>	<u>\$22,215,629</u>	<u>\$21,247,031</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Statement of Activities - Modified Cash Basis
As at December 31, 2017

Exhibit B

	<u>2017</u>						<u>2016</u>	
<u>Expenses</u>	<u>Fees, Fines, Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>Memorandum Totals</u>	
Governmental Activities:								
General government	(\$958,004)	\$595,510	\$269,854	\$0	(\$92,640)	\$0	(\$92,640)	(\$464,113)
Public safety	(2,567,122)	124,977	89,489	0	(2,352,656)	0	(2,352,656)	(2,119,598)
Public works	(1,318,230)	0	338,403	117,475	(862,352)	0	(862,352)	(629,199)
Culture and recreation	(307,682)	0	19,188	0	(288,494)	0	(288,494)	(205,451)
Community development	(48,652)	0	0	0	(48,652)	0	(48,652)	0
Other	(74,950)	0	0	0	(74,950)	0	(74,950)	(83,936)
Interest	(8,469)	0	0	0	(8,469)	0	(8,469)	(11,205)
Total Governmental Activities	(5,283,109)	720,487	716,934	117,475	(3,728,213)	0	(3,728,213)	(3,513,502)
Business-Type Activities:								
Wastewater/sewage	(2,663,611)	2,577,918	0	0	0	(85,693)	(85,693)	196,124
Total Government	(7,946,720)	3,298,405	716,934	117,475	(3,728,213)	(85,693)	(3,813,906)	(3,317,378)
General Revenues:								
Taxes					4,502,679	0	4,502,679	4,347,701
Interest and rents					73,371	3,412	76,783	29,942
Other					119,854	0	119,854	4,957
Gain from sale of sewer system – Note 12					0	83,188	83,188	0
Special item – Transfer of sewer sale proceeds – Note 12					2,216,282	(2,216,282)	0	0
Total General Revenues and Special Items					6,912,186	(2,129,682)	4,782,504	4,382,600
Change in Net Position					3,183,973	(2,215,375)	968,598	1,065,222
Net Position at Beginning of Year					15,729,893	5,517,138	21,247,031	20,181,809
Net Position at End of Year					\$18,913,866	\$3,301,763	\$22,215,629	\$21,247,031

The "Notes to Financial Statements" are in integral part of these statements and should be read in conjunction therewith.

TOWNSHIP OF TOBYHANNA
Balance Sheets - Cash Basis -
Governmental Fund Types
As at December 31, 2017

Exhibit C

	<u>Major Funds</u>				<u>Non-Major Funds</u>		2016 Memorandum Total
	<u>General</u>	<u>Capital Projects</u>	<u>Public Improvement</u>	<u>Total</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>	
Assets:							
Cash and cash equivalents - Note 2	\$3,881,225	\$1,526,653	\$1,788,150	\$7,196,028	\$350,645	\$7,546,673	\$5,062,295
Restricted cash and cash equivalents - Note 2	730,039	0	0	730,039	0	730,039	378,768
Other receivables	35,000	0	0	35,000	0	35,000	0
Due from other funds	444	0	0	444	1,418	1,862	1,307
Total Assets	<u>\$4,646,708</u>	<u>\$1,526,653</u>	<u>\$1,788,150</u>	<u>\$7,961,511</u>	<u>\$352,063</u>	<u>\$8,313,574</u>	<u>\$5,442,370</u>
Liabilities:							
Due to other funds	\$1,418	\$0	\$444	\$1,862	\$0	\$1,862	\$1,307
Customer security deposits - Payable from restricted cash	571,854	0	0	571,854	0	571,854	377,037
Total Liabilities	<u>573,272</u>	<u>0</u>	<u>444</u>	<u>573,716</u>	<u>0</u>	<u>573,716</u>	<u>378,344</u>
Fund Balances:							
Restricted	158,186	0	0	158,186	352,063	510,249	372,673
Assigned	67,693	1,526,653	1,787,706	3,382,052	0	3,382,052	1,161,010
Unassigned	3,847,557	0	0	3,847,557	0	3,847,557	3,530,343
Total Fund Balances	<u>4,073,436</u>	<u>1,526,653</u>	<u>1,787,706</u>	<u>7,387,795</u>	<u>352,063</u>	<u>7,739,858</u>	<u>5,064,026</u>
Total Liabilities and Fund Balances	<u>\$4,646,708</u>	<u>\$1,526,653</u>	<u>\$1,788,150</u>	<u>\$7,961,511</u>	<u>\$352,063</u>	<u>\$8,313,574</u>	<u>\$5,442,370</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As at December 31, 2017

Exhibit D

Total Fund Balances - Governmental Funds	\$7,739,858
Capital assets, net of accumulated depreciation, are reported on the Statement of Net Position but not on the Governmental Funds Balance Sheet	<u>11,174,008</u>
Net Position - Governmental Activities	<u>\$18,913,866</u>

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The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
 Statements of Revenues, Expenditures and Changes in
 Fund Balances - Cash Basis - Governmental Fund Types
 As at December 31, 2017

Exhibit E
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	<u>Major Funds</u>			<u>Non-Major Funds</u>		2016 Memorandum Total	
	<u>General</u>	<u>Capital Projects</u>	<u>Public Improvement</u>	<u>Total</u>	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
Revenues							
Taxes	\$4,206,473	\$0	\$0	\$4,206,473	\$296,206	\$4,502,679	\$4,347,701
Licenses and permits	254,759	0	0	254,759	0	254,759	257,663
Fines and forfeitures	56,870	0	0	56,870	0	56,870	66,851
Interest, rents, and royalties	64,782	6,900	5,589	77,271	4,685	81,956	34,615
Intergovernmental revenue	195,930	0	0	195,930	316,158	512,088	831,470
Charges for services	400,273	0	0	400,273	0	400,273	200,665
Other	208,062	0	0	208,062	0	208,062	20,552
Total Revenues	<u>5,387,149</u>	<u>6,900</u>	<u>5,589</u>	<u>5,399,638</u>	<u>617,049</u>	<u>6,016,687</u>	<u>5,759,517</u>
Expenditures							
General government	798,002	13,695	0	811,697	0	811,697	723,552
Public safety	2,264,233	96,331	4,529	2,365,093	159,470	2,524,563	2,447,244
Public works - Highways and streets	908,956	91,422	0	1,000,378	293,031	1,293,409	1,487,304
Culture and recreation	120,297	19,426	4,620	144,343	153,307	297,650	207,049
Community development	0	0	48,652	48,652	0	48,652	0
Debt service	195,566	156,255	0	351,821	31,851	383,672	73,171
Employer paid benefits and withholdings	258,121	0	0	258,121	0	258,121	207,146
Insurance	55,216	0	0	55,216	0	55,216	70,102
Total Expenditures	<u>4,600,391</u>	<u>377,129</u>	<u>57,801</u>	<u>5,035,321</u>	<u>637,659</u>	<u>5,672,980</u>	<u>5,215,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$786,758</u>	<u>(\$370,229)</u>	<u>(\$52,212)</u>	<u>\$364,317</u>	<u>(\$20,610)</u>	<u>\$343,707</u>	<u>\$543,949</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

TOWNSHIP OF TOBYHANNA
 Statements of Revenues, Expenditures and Changes in
 Fund Balances - Cash Basis - Governmental Fund Types
 As at December 31, 2017

Exhibit E
 Page 2

	<u>Major Funds</u>			<u>Non-Major Funds</u>		2016 Memorandum Total	
	<u>General</u>	<u>Capital Projects</u>	<u>Public Improvement</u>	<u>Total</u>	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$786,758</u>	<u>(\$370,229)</u>	<u>(\$52,212)</u>	<u>\$364,317</u>	<u>(\$20,610)</u>	<u>\$343,707</u>	<u>\$543,949</u>
Other Financing Sources (Uses):							
Refunds of prior year's expenditures	105,918	0	0	105,918	0	105,918	0
Proceeds of capital asset disposition	10,720	0	0	10,720	0	10,720	0
Interfund operating transfers	2,216,282	1,099,435	1,839,918	5,155,635	0	5,155,635	537,777
Refund of prior year revenue	(795)	0	0	(795)	0	(795)	(13,834)
Interfund operating transfers out	<u>(2,619,435)</u>	<u>(319,918)</u>	<u>0</u>	<u>(2,939,353)</u>	<u>0</u>	<u>(2,939,353)</u>	<u>(537,777)</u>
Total Financing Sources (Uses)	<u>(287,310)</u>	<u>779,517</u>	<u>1,839,918</u>	<u>2,332,125</u>	<u>0</u>	<u>2,332,125</u>	<u>(13,834)</u>
Net Change in Fund Balances	499,448	409,288	1,787,706	2,696,442	(20,610)	2,675,832	530,115
Fund Balances at Beginning of Year	<u>3,573,988</u>	<u>1,117,365</u>	<u>0</u>	<u>4,691,353</u>	<u>372,673</u>	<u>5,064,026</u>	<u>4,533,911</u>
Fund Balances at End of Year	<u>\$4,073,436</u>	<u>\$1,526,653</u>	<u>\$1,787,706</u>	<u>\$7,387,795</u>	<u>\$352,063</u>	<u>\$7,739,858</u>	<u>\$5,064,026</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

TOWNSHIP OF TOBYHANNA
Reconciliation of the Statements of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities
As at December 31, 2017

Exhibit F

Total Net Change in Fund Balances - Governmental Funds	\$2,675,832
Depreciation is reported as an expense on the Statement of Activities but not on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	(721,561)
Debt principal payments are reported as expenditures on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances but not on the Statement of Activities	375,203
Expenditures for capital assets are reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances but not on the Statement of Activities	760,441
The capital contribution relating to the traffic signal that was dedicated to the Township is recorded as revenue on the Statement of Activities but not on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.	117,476
The loss on disposal of capital assets is recorded as an expense on the Statement of Activities but not on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.	<u>(23,418)</u>
Change in Net Position	<u>\$3,183,973</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Statement of Net Position - Modified Cash Basis -
Proprietary Fund Type
As at December 31, 2017

Exhibit G

	Sewer Fund	Sewer District #1 Fund	Total	2016 Memorandum Only
Current Assets:				
Cash and cash equivalents - Note 2	\$102,544	\$47,840	\$150,384	\$274,558
Restricted cash and cash equivalents	<u>0</u>	<u>179,285</u>	<u>179,285</u>	<u>282,382</u>
Total Current Assets:	<u>102,544</u>	<u>227,125</u>	<u>329,669</u>	<u>556,940</u>
Property and Equipment - Note 5:				
Land	0	172,813	172,813	172,813
Buildings and improvements	0	0	0	3,155,733
Machinery and equipment	0	0	0	2,152,810
Sewer system	0	3,133,454	3,133,454	7,817,981
Less: Accumulated depreciation	<u>0</u>	<u>(156,673)</u>	<u>(156,673)</u>	<u>(4,541,715)</u>
Total Property and Equipment - Note 5	<u>0</u>	<u>3,149,594</u>	<u>3,149,594</u>	<u>8,757,622</u>
Total Assets	<u>102,544</u>	<u>3,376,719</u>	<u>3,479,263</u>	<u>9,314,562</u>
Current Liabilities:				
Current portion of general obligation notes - Note 6	\$0	\$0	\$0	\$221,385
Amounts held on behalf of others	<u>0</u>	<u>177,500</u>	<u>177,500</u>	<u>177,501</u>
Total Current Liabilities:	0	177,500	177,500	398,886
Long-Term Liabilities:				
General obligation notes payable - Note 6	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,398,538</u>
Total Liabilities	<u>0</u>	<u>177,500</u>	<u>177,500</u>	<u>3,797,424</u>
Net Position:				
Net investment in capital assets	0	3,149,594	3,149,594	5,137,698
Restricted	0	0	0	103,989
Unrestricted	<u>102,544</u>	<u>49,625</u>	<u>152,169</u>	<u>275,451</u>
Total Net Position	<u>\$102,544</u>	<u>\$3,199,219</u>	<u>\$3,301,763</u>	<u>\$5,517,138</u>

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TOWNSHIP OF TOBYHANNA
Statement of Revenues, Expenses and Changes in Net Position -
Modified Cash Basis - Proprietary Fund Type
As at December 31, 2017

Exhibit H

	Sewer Fund	Sewer District #1 Fund	Total	2016 Memorandum Only
Operating Revenues:				
Charges for services	\$495,481	\$2,082,131	\$2,577,612	\$1,190,033
Other operating revenues	<u>306</u>	<u>0</u>	<u>306</u>	<u>5,570</u>
Total Operating Revenues	<u>495,787</u>	<u>2,082,131</u>	<u>2,577,918</u>	<u>1,195,603</u>
Operating Expenses:				
Wastewater/sewage treatment and collection	167,330	2,120,345	2,287,675	613,881
Depreciation	<u>83,238</u>	<u>62,669</u>	<u>145,907</u>	<u>232,464</u>
Total Operating Expenses	<u>250,568</u>	<u>2,183,014</u>	<u>2,433,582</u>	<u>846,345</u>
Non-Operating Revenues (Expenses):				
Interest income	982	2,430	3,412	3,327
Refund of prior year wages to General Fund	(82,250)	0	(82,250)	0
Fiscal charges	(64,965)	0	(64,965)	0
Interest expense	<u>(82,814)</u>	<u>0</u>	<u>(82,814)</u>	<u>(153,134)</u>
Total Non-operating Revenues (Expenses)	<u>(229,047)</u>	<u>2,430</u>	<u>(226,617)</u>	<u>(149,807)</u>
Special Items:				
Gain on sale of asset - Note 12	83,188	0	83,188	0
Interfund transfers out - Note 12	<u>(2,216,282)</u>	<u>0</u>	<u>(2,216,282)</u>	<u>0</u>
Total Special Items	<u>(2,133,094)</u>	<u>0</u>	<u>(2,133,094)</u>	<u>0</u>
Change in Net Position	(2,116,922)	(98,453)	(2,215,375)	199,451
Net Position at Beginning of Year	<u>2,219,466</u>	<u>3,297,672</u>	<u>5,517,138</u>	<u>5,317,687</u>
Net Position at End of Year	<u>\$102,544</u>	<u>\$3,199,219</u>	<u>\$3,301,763</u>	<u>\$5,517,138</u>

The "Notes to Financial Statements" are an integral part of
these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Statement of Fiduciary Net Position - Non-Uniform Pension Fund -
Modified Cash Basis
As at December 31, 2017

Exhibit I

2016
Memorandum
Only

Assets:		
Cash and cash equivalents - Note 2	\$6,604	\$4,555
Investments	<u>1,463,552</u>	<u>1,284,429</u>
Total Assets	<u>\$1,470,156</u>	<u>\$1,288,984</u>
Net Position:		
Net position held in trust for pension benefits	<u>\$1,470,156</u>	<u>\$1,288,984</u>

DRAFT

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Statement of Changes in Fiduciary Net Position - Non-Uniform Pension Fund -
Modified Cash Basis
As at December 31, 2017

Exhibit J

		2016 Memorandum <u>Only</u>
Additions:		
Investment income	\$194,215	\$96,482
State aid	<u>29,005</u>	<u>26,575</u>
Total Additions	<u>223,220</u>	<u>123,057</u>
Deductions:		
Fiscal charges	26,971	18,225
Fiduciary fund benefits and refunds paid	<u>15,077</u>	<u>13,247</u>
Total Deductions	<u>42,048</u>	<u>31,472</u>
Change in Net Position	181,172	91,585
Net Position at Beginning of Year	<u>1,288,984</u>	<u>1,197,399</u>
Net Position at End of Year	<u>\$1,470,156</u>	<u>\$1,288,984</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 1: Summary of Significant Accounting Policies:

The Township of Tobyhanna was organized in 1830. The Township operates under an elected 5 member Board of Supervisors, and provides the following services to its residents: public safety, highways and streets, sanitation, culture and-recreation, planning and zoning, and general administrative services.

Principles Determining Scope of Reporting Entity

The financial statements of the Township consist only of the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Basis of Accounting

The Township's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and proprietary fund financial statements are prepared using the modified cash basis of accounting. Governmental funds use the cash basis of accounting. Differences in the modified cash and the cash basis of accounting arise in the recognition of capital assets and related debt. Fiduciary funds use the modified cash basis of accounting, under which pension investments are reported at fair value.

Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. Such information is presented in a summarized comparative format as memorandum information only and should be read in conjunction with the Authority's financial statements for the prior year, from which the information was summarized.

Note 1: Summary of Significant Accounting Policies: (Continued)

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of the governmental activities of the Township at year-end in total as well as the Township's business activities. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present the financial information of the Township at this more detailed level. The focus of the governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported separately.

All funds of the Township are accounted for using the cash basis or the modified cash basis. As such, revenues are recognized when cash is received, and expenses are recognized when they are paid. The accounts of the Township are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are summarized using a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures.

Note 1: Summary of Significant Accounting Policies: (Continued)

Government Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following funds are used by the Township.

Governmental Fund Types

General Fund (Major Fund) is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Capital Projects Funds (Major Fund) account for financial resources to be used for the acquisition or construction of certain major capital assets or facilities, which are not financed by the Proprietary or General Funds.

Public Improvement Fund (Major Fund) accounts for financial resources to be used for certain public improvements for the betterment and growth of the Township, which are not financed by the Proprietary or General Funds.

Special Revenue Funds (Non-major Fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Included in these funds are State Liquid Fuels Highway Aid, Fire, and Library funds.

The Debt Service Fund (Non-major Fund) accounts for resources accumulated for the purpose of funding general long-term debt obligations.

Proprietary Fund Types

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing services to the general public on a continuing basis are financed through user charges. The Sewer Funds are the sole Enterprise Funds of the Township.

Note 1: Summary of Significant Accounting Policies: (Continued)

Proprietary Fund Types (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services. Operating expenses for the proprietary funds include the cost of contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Trust Funds are used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund. The Pension Trust Fund is used to account for the Township's retirement plan and reports investments at fair value. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Funds since capital maintenance is critical.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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.

Measurement Focus

In the government-wide Statements of Net Position and Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as follows. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities recognized using the modified cash basis of accounting (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the cash basis of accounting, is used. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Note 1: Summary of Significant Accounting Policies: (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This method of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue from billings or from services provided but payment has not yet been collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid for, and accrued expenses and liabilities) are not recorded in these financial statements.

In the fund financial statements, only current assets and current liabilities arising from cash transactions are generally included on the statement of assets, liabilities and fund balances. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the government-wide financial statements are prepared. Reconciliations with brief explanations of differences are provided to better identify the relationship between the government-wide financial statements and the governmental funds financial statements.

The private purpose trust funds are reported using the economic resources measurement focus as applied to the modified cash basis of accounting.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Note 1: Summary of Significant Accounting Policies: (Continued)

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

The Township maintains all of its cash in checking and savings accounts which are covered by federal depository insurance or by collateral held by the Township's custodial bank or in PLGIT, which is a pooled fund that invests in the same investments that are approved as direct investment for the Township. The Second Class Township Code authorizes the Township to invest its funds in savings accounts and certificates of deposit or time deposits provided that these deposits are insured or collateralized by a pledge or assignment of assets of the depository. In addition, the Township may invest its funds in obligations of the United States of America or the Commonwealth of Pennsylvania, including their agencies or instrumentalities, political subdivisions of the Commonwealth of Pennsylvania, and United States Treasury Bills.

Capital Assets

Under the modified cash basis of accounting, the Township reports capital assets acquired or constructed by the Township and reports related depreciation, where appropriate. The accounting treatment of capital assets depends on whether the assets are being reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, capital assets are reported as assets in the Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost based on appraisals or other acceptable methods, if actual is unavailable. Capital assets contributed to the Township as part of an agreement to allow the construction of residential or commercial property, such as a park or other facility, or are donated to the Township are valued at the developer's construction cost, if available, or at estimated fair value at date of contribution.

Depreciation of all exhaustible capital assets is recorded as a direct allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 1: Summary of Significant Accounting Policies: (Continued)

Capital Assets (Continued)

The range of estimated useful lives by type of asset is as follows:

Roads and bridges	20-50 years
Machinery and equipment	5-30 years
Sewer system	5-65 years
Buildings and improvements	20-40 years

Fund Financial Statements

In the fund financial statements, capital acquisitions and construction costs are reflected as expenditures in governmental funds upon payment.

Long-term Debt

All long-term debt to be repaid from the Township's resources is reported as liabilities in the government-wide statements.

Long-term debt relating to governmental activities is not reported as a liability in fund financial statements. Debt proceeds are reported as other financing sources and the payment of principal and interest are reported as expenditures.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt of the Township not accounted for in other funds.

EQUITY CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a) Net Investment in Capital Assets-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b) Restricted Net Position-Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Note 1: Summary of Significant Accounting Policies: (Continued)

Government-Wide Statements (Continued)

- c) Unrestricted Net Position-All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

It is the Township's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available to be spent.

Fund Financial Statements

Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for the five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form — prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances is comprised of the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Supervisors - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 1: Summary of Significant Accounting Policies: (Continued)

Fund Equity (Continued)

Assigned Fund Balance. This classification reflects the amounts constrained by the Township's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors and the Treasurer have the authority to assign amounts to be used for specific purposes as established in the approved budget. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Currently, the Township uses only restricted, assigned, and unassigned classifications.

Investment earnings, such as interest, on restricted or committed monies are included in the same fund balance classification as the money that earned these revenues.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township considers restricted funds to have been spent first. Following restricted funds, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

General Government

Licenses and permits.

Public Safety

Fines and forfeits revenue; building permits and inspection fees; subdivision application fees.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 1: Summary of Significant Accounting Policies: (Continued)

Program Revenues (Continued)

Streets and Public Works	Liquid fuels tax collections shared by the State; pension funding from the State.
Culture and Recreation	Rental income, recreation fees, and specific donations

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

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund reimbursements - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.
3. Interfund transfers - Flows of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Note 1: Summary of Significant Accounting Policies: (Continued)

Government-wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, if any, which are reported as Internal Balances.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Township adopts annual budgets for all funds in accordance with the Second Class Township Code. All adopted budgets use a cash basis of accounting, which is not consistent with U.S. generally accepted accounting principles. All budget amounts included in the accompanying financial statements and supplementary information are as originally adopted or as amended by the Board of Supervisors. Appropriations not expended lapse at the end of each fiscal year. The Township uses traditional, program and performance budgeting methods to develop the operating budget, which includes proposed expenditures and the means to finance them, the budget is adopted by ordinance and subject to change only by ordinance.

Pension Plan

The Township has one defined benefit pension plan. Pension costs for the plan includes current service costs, which are accrued and funded on a current basis, plus prior costs which are amortized over 30 years.

Note 1: Summary of Significant Accounting Policies: (Continued)

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions and are not treated as operating transfers.

Note 2: Cash and Cash Equivalents:

Custodial Credit Risk to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation's (FDIC) insured limits relies upon Act 72 of 1971. The Act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name.

Credit Risk

The Township is permitted to invest funds in U.S. Treasury Bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by full faith and credit of the political subdivision, certificates of deposit, secured purchase agreements, authorized Investment Trust Companies and time or share accounts of institutions insured or secured by the FDIC to the extent such certificates are insured by a proper bond or collateral in accordance with the law.

Foreign Currency Risk

The Township was not exposed to foreign currency risk during the year.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 2: Cash and Cash Equivalents: (Continued)

Reconciliation of Cash and Cash Equivalents:

Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Township's name	\$6,239,047
Uninsured and collateralized with securities held by the pledging financial institution	0
Uninsured and uncollateralized	<u>0</u>
Total	<u>\$6,239,047</u>
Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Township's name	\$6,239,047
Add: Amount Insured Under FDIC	998,025
Plus: Deposits in Transit	0
Less: Outstanding Checks	<u>(74,627)</u>
Carrying Amount	7,162,445
Add: Pooled Deposits - Cash Equivalents	1,443,736
Add: Petty Cash	<u>200</u>
Total Cash and Cash Equivalents	<u>\$8,606,381</u>

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 3: Property Taxes

Property taxes are levied on a calendar year basis, and are assessed on March 1. The taxes are due June 30. A discount of 2% is available through April 30, and a penalty of 10% is charged on payments after June 30. The Township recognizes tax revenues when collected. Assessed valuation is taxed at 15.19 mills (13.74 for general purposes, 0.70 for Fire and 0.75 Library) and was \$225,500,820 for 2017.

Total regular real estate taxes collected were \$3,040,472, which represents the face amount less discounts plus penalties. Current regular tax collections for the year ended December 31, 2017 were approximately ninety three percent (93%) of the tax levy.

The schedule for regular real estate taxes levied is as follows:

Levy Date: March 1st
2.00% Discount Period: March 1st – April 30th
Face Payment Period: May 1st – June 30th
10.00% Penalty Period: July 1st – December 31st
Lien Date: January 1st

If payment is not made by December 31st, any and all unpaid amounts are turned over to Monroe County Tax Claim Bureau for delinquent tax collection.

Note 4: Related Party Transactions:

During 2017, the Township hired a company that is the employer of one of the Supervisors. This company provided equipment, operators, and laborers under an equipment rental contract for which bidders were requested. The equipment rented by the Township was used for road maintenance, construction and related purposes. Payments made under this contract during 2017 totaled \$158,907.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 5: Capital Assets

A summary of the changes in governmental activities capital assets are as follows:

<u>Description</u>	<u>Balance as of January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of December 31</u>
Depreciable Capital Assets:				
Buildings and building improvements	\$3,463,191	\$27,725	\$0	\$3,490,916
Roads and bridges	19,789,311	839,886	0	20,629,197
Machinery and equipment	<u>2,016,604</u>	<u>10,306</u>	<u>(119,663)</u>	<u>1,907,247</u>
Total Depreciable Capital Assets	25,269,106	877,917	(119,663)	26,027,360
Non-Depreciable Capital Assets:				
Land	<u>2,290,922</u>	<u>0</u>	<u>0</u>	<u>2,290,922</u>
Total Capital Assets	<u>27,560,028</u>	<u>877,917</u>	<u>(119,663)</u>	<u>28,318,282</u>
Accumulated Depreciation	<u>(16,518,958)</u>	<u>(721,561)</u>	<u>96,245</u>	<u>(17,144,274)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>\$11,041,070</u>	<u>\$156,356</u>	<u>(\$23,418)</u>	<u>\$11,174,008</u>

Depreciation expense was charged to governmental activities as follows:

Public works	\$645,143
Public safety	18,072
General government	45,416
Culture and recreation	<u>12,930</u>
Total	<u>\$721,561</u>

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2016

Note 5: Capital Assets: (Continued)

A summary of the changes in business-type activities capital assets are as follows:

<u>Description</u>	<u>Balance as of January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of December 31</u>
Depreciable Capital Assets:				
Buildings and building improvements	\$3,155,733	\$0	(\$3,155,733)	\$0
Sewer system	7,817,981	0	(4,684,527)	3,133,454
Machinery and equipment	<u>2,152,810</u>	<u>0</u>	<u>(2,152,810)</u>	<u>0</u>
Total Depreciable Capital Assets	13,126,524	0	(9,993,070)	3,133,454
Non-Depreciable Capital Assets:				
Land	<u>172,813</u>	<u>0</u>	<u>0</u>	<u>172,813</u>
Total Capital Assets	13,299,337	0	(9,993,070)	3,306,267
Accumulated Depreciation	<u>(4,541,715)</u>	<u>(145,907)</u>	<u>4,530,949</u>	<u>(156,673)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>\$8,757,622</u>	<u>(\$145,907)</u>	<u>(\$5,462,121)</u>	<u>\$3,149,594</u>

Note 6: Long-Term Debt:

The Township's long-term debt activity for the year ended December 31, 2017 is summarized as follows:

<u></u>	<u>January 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31</u>	<u>Due in One Year</u>
<u>Governmental Activities:</u>					
Series 2001 GON	\$191,184	\$0	(\$191,184)	\$0	\$0
Series 2015 GON	<u>184,019</u>	<u>0</u>	<u>(184,019)</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>\$375,203</u>	<u>\$0</u>	<u>(\$375,203)</u>	<u>\$0</u>	<u>\$0</u>
<u>Business-type Activities:</u>					
Series 2011 GON	\$3,619,923	\$0	(\$3,619,923)	\$0	\$0
Series 2013 GON	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Business-type Activities	<u>\$3,619,923</u>	<u>\$0</u>	<u>(\$3,619,923)</u>	<u>\$0</u>	<u>\$0</u>

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 6: Debt and Debt Service: (Continued)

During 2017, the Township paid off the following General Obligation Notes:

Governmental Activities Debt:

Series 2001 General Obligation Notes

Original issue amount of \$2,000,000 of which the Township was responsible for 26% or \$520,000, for the construction of a regional police building. The loan was refinanced on October 2, 2017. As part of the refinance, the Township paid off its remaining portion of the outstanding principal. *The Township does not retain any pro-rata share of the constructed asset as ownership resides with the regional police department. See additional information in Note 13.*

Series 2015 General Obligation Notes

Original issue of \$243,838 for the purchase of a new Gradall; monthly interest at 2.66%; paid off in October 2017.

Business-Type Activities Debt:

Series of 2011 General Obligation Notes

Original issue of \$4,965,000 for the construction and completion of sewer expansion projects; monthly interest at 3.75%; paid of in June 2017 as part of the sale of the sewage collection and treatment system to Aqua Pennsylvania Wastewater, Inc. See Note 12 for additional information.

Note 7: Defined Benefit Pension Plan:

Reporting Entity

Township of Tobyhanna Non-Uniformed Employees' Pension Plan (hereinafter referred to as "the Plan") is a single employer defined benefit plan. The Plan is governed by the Township's Board of Supervisors. The Township Supervisors may amend plan provisions and are responsible for the management of plan assets. The Plan is included in the Township's basic financial statements as a Pension Trust. Stand-alone financial statements are not publicly available.

Basis of Accounting

The Plan's financial statements are prepared using the modified cash basis of accounting. Plan member contributions, if any, are recognized in the period in which the contributions are received. Employer contributions to the plan are recognized when received. Benefits and refunds are recognized when paid in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value.

Funding Policy

Act 205 requires that annual contributions be based upon the Plan's minimum municipal obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation (the last available is January 1, 2015).

In accordance with the Plan's governing Ordinance, members are not required to contribute to the Plan. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the Plan and funded through investment earnings. 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.

Note 7: Defined Benefit Pension Plan: (Continued):

Summary of Plan Benefits

Eligibility

All full-time non-uniformed employees join the Plan upon employment.

Normal Retirement

A participant is eligible for normal retirement after attainment of age 62 and completion of ten years of service, but no later than age 70.

The normal retirement benefit is payable monthly during the participant's lifetime, with payments ceasing upon death.

The amount of the monthly pension is equal to 1.0% of average monthly pay times years of service (maximum 20 years).

Average monthly pay is based upon the last 36 months of employment. Pay is total pay, except for unused sick time payments.

Early Retirement

A participant is eligible for early retirement after attainment of age 60 and completion of 20 years of service.

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 7: Defined Benefit Pension Plan: (Continued):

Vesting

A participant's benefits vest according to the following table. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Years of Service	Vesting Percentage
Less than 10 Years	0%
10	50%
11	60%
12	70%
13	80%
14	90%
15 or More Years	100%

Accrued Pension

The benefit accrued at any date other than the normal retirement date is determined according to the normal retirement benefit formula, based upon pay and service to date.

Contributions

Participant contributions are credited with 6% interest. Currently, no participant contributions are required.

Plan Membership

Membership of the Plan consisted of the following at December 31, 2016:

Active plan members	12
Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	<u>4</u>
Total	<u>18</u>

Note 7: Defined Benefit Pension Plan: (Continued):

Net Pension Liability

The net pension liability was measured as of December 31, 2016 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Postretirement Cost of Living Increase	0.00%

Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	55.00%	5.50% - 7.50%
International Equity	9.00%	4.50% - 6.50%
Fixed Income	26.00%	1.00% - 3.00%
Real Estate	4.00%	4.50% - 6.50%
Cash	6.00%	0.00% - 1.00%

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 7: Defined Benefit Pension Plan: (Continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 12/31/15	\$906,870	\$1,198,503	(\$291,633)
Service Cost	40,352	0	(40,352)
Interest Cost	65,842	0	(65,842)
Contributions – Employer	0	26,575	26,575
Net Investment Income	0	80,137	80,137
Benefit Payments, including			
Refunds of Member Contributions	(13,247)	(13,247)	0
Administrative Expenses	0	(1,880)	(1,880)
Net Changes	92,947	91,585	(1,362)
Balances at 12/31/16	\$999,817	\$1,290,088	(\$290,271)

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's Net Pension Liability	(\$183,969)	(\$290,271)	(\$381,363)

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 7: Defined Benefit Pension Plan: (Continued):

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ Excess</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2010	\$48,907	\$48,907	\$0		
2011	\$48,988	\$66,515	(\$17,527)		
2012	\$44,358	\$48,988	(\$4,630)		
2013	\$42,253	\$48,474	(\$6,221)		
2014	\$32,001	\$52,598	(20,597)		
2015	\$33,381	\$33,381	\$0	\$646,152	5.17%
2016	\$23,899	\$26,575	(\$2,676)	\$588,430	4.52%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2015

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Open

Remaining Amortization Period: 16 years

Asset Valuation Method: Smoothed value with a corridor of 80% to 120% of market value.

Inflation: 3.00%

Salary Increases: 5.00%

Investment Rate of Return: 7.00%

Retirement Age: Normal Retirement Age

Mortality: RP2000 Table. This table does not include projected mortality improvements.

Changes in benefit terms: None since 1/1/2015.

Note 7: Defined Benefit Pension Plan: (Continued):

Investments

Investments are reported at fair value (quoted market prices).

The Plan places no limit on the amount that may be invested with any one organization.

There were no changes in investment policies during 2016.

At December 31, 2016, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent (5%) or more of net assets available for benefits (\$1,284,429 x .05 = \$64,221):

<u>Investments</u>	<u>Fair Market Value</u>
iShares S&P Midcap 400 Index	\$101,023
iShares SP Smallcap 600 Index	\$208,755
Vanguard FTSE Emerging Markets	\$88,878
Vanguard Intermediate Term Bond	\$118,541

Note 8: Commitments and Contingencies:

The Township is a party to various legal proceedings that generally occur in the course of governmental operations. As a result of reporting on the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the any proceedings cannot be predicted, due to the insurance coverage maintained by the Township and the State statute relating to judgments, it is believed that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Township.

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 9: Risk Management:

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The Township manages these various risks of loss as follows:

<u>Risk of Loss Type of Loss</u>	<u>Method Managed</u>	<u>Retained</u>
Torts, errors, and omissions	Purchased commercial Insurance	Deductibles
Workers compensation	Participation in a cooperative group providing insurance to member organizations	None
Health	Participation in a cooperative group providing insurance to member organizations	Claims paid after withdrawal in excess of account balance
Physical property loss and natural disasters	Purchased commercial insurance	Deductibles

Management believes such coverage is sufficient to preclude any material uninsured losses to the Township. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Note 10: Interfund Transfers and Interfund Balances:

Transfers between various Township funds for the year ended December 31, 2017 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$1,099,435
Capital Reserve Fund	<u>1,099,435</u>	<u>0</u>
Total	<u>\$1,099,435</u>	<u>\$1,099,435</u>

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 10: Interfund Transfers and Interfund Balances: (Continued):

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$1,520,000
Public Improvement Fund	<u>1,520,000</u>	<u>0</u>
Total	<u>\$1,520,000</u>	<u>\$1,520,000</u>
Capital Projects Fund	\$0	\$319,918
Public Improvement Fund	<u>319,918</u>	<u>0</u>
Total	<u>\$319,918</u>	<u>\$319,918</u>
Sewer Fund	\$0	\$2,212,282
General Fund	<u>2,212,282</u>	<u>0</u>
Total	<u>\$2,212,282</u>	<u>\$2,212,282</u>

Generally, the purpose of transfers in (out) of the funds is to provide cash needed to pay expenditures of the fund. In 2017, the proceeds of the sewer system sale were transferred to the General Fund (see Note 12).

Interfund balances at December 31, 2017 are as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
General Fund	Public Improvement Fund	\$444
General Fund	Fire Fund	\$1,418

Note 11: Subsequent Events:

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

TOWNSHIP OF TOBYHANNA
Notes to Financial Statements
As at December 31, 2017

Note 12: Sale of Sewage Collection and Treatment System:

On June 30, 2017, the Township closed the sale of its sewage collection and treatment system to Aqua Pennsylvania Wastewater, Inc. for \$5,500,000. The proceeds of the sale were used to pay off the related outstanding debt of \$3,210,059, as well as to pay interest of \$16,001, settlement costs of \$64,965, and to refund Aqua Pennsylvania Wastewater, Inc. \$38,000 for prepaid sewer charges the Township had received prior to the sale. The \$2,216,282 cash proceeds of the sale were deposited in the General Fund, and was partially used to establish the Public Improvement Fund.

At the time of sale, the sewer assets had a total book value, net of accumulated depreciation, of \$5,462,120. The result of the sale on the Sewer Fund was a book gain of \$83,188.

Note 13: Joint Venture:

In November 1996, Tobyhanna Township entered into an Intermunicipal Agreement with Tunkhannock Township, Coolbaugh Township, and Mount Pocono Borough, establishing the Pocono Mountain Regional Police Commission (PMRPC). PMRPC was established to create a regional force to provide quality and efficient police protection. Each municipality is responsible for a portion of the annual assessment, as determined by PMRPC. The proportionate shares are determined by PMRPC based on the annual cost of providing police services. The total contributions paid for police services by Tobyhanna Township in 2017 were \$1,826,747.

Annually each municipality is responsible for a portion of Pocono Mountain Regional Police Pension Plan's minimum municipal obligation (MMO). Tobyhanna Township paid \$19,145 for its share of the 2017 MMO. The state reimbursed approximately half of this cost. As of December 31, 2016, the Plan had a Net Pension Liability of \$385,145. This amount will ultimately be paid over a period of time by the participating municipalities as part of their annual pension funding. At this time, Tobyhanna Township's share of this liability is estimated to be approximately \$128,000. It is expected that the state will provide reimbursement for some portion of this amount.

Each municipality is also responsible for a portion of the Series 2001 General Obligation Notes that was issued to construct the police building. See Note 6 for more information.

Per the Intermunicipal Agreement, PMRPC's financial statements are audited annually. The audited financial statements are available for review at the Pocono Mountain Regional Police Department office, located in Pocono Summit, PA.

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TOWNSHIP OF TOBYHANNA

Supplementary Information

Township of Tobyhanna
Schedule of Revenues and Expenditures - General Fund
Budget and Actual - Cash Basis
For the Year Ended December 31, 2017

Schedule 1
Page 1

	Original Budget (Unaudited)	Revised Budget (Unaudited)	Actual	Variance
Revenues:				
Taxes:				
Real estate	\$2,854,998	\$2,854,998	\$2,810,043	(\$44,955)
Real estate transfer	305,000	470,000	474,262	4,262
Earned income	719,500	719,500	719,940	440
Local service tax	<u>145,000</u>	<u>200,000</u>	<u>202,228</u>	<u>2,228</u>
Total Taxes	<u>4,024,498</u>	<u>4,244,498</u>	<u>4,206,473</u>	<u>(38,025)</u>
Licenses and Permits:				
Permits	3,650	3,650	3,770	120
Cable television licenses	<u>248,000</u>	<u>248,000</u>	<u>250,989</u>	<u>2,989</u>
Total Licenses and Permits	<u>251,650</u>	<u>251,650</u>	<u>254,759</u>	<u>3,109</u>
Fines and Forfeitures	<u>56,000</u>	<u>56,000</u>	<u>56,870</u>	<u>870</u>
Interest, Rents, and Royalties:				
Interest income	20,000	52,500	56,197	3,697
Rent	<u>7,000</u>	<u>7,000</u>	<u>8,585</u>	<u>1,585</u>
Total Interest, Rents, and Royalties	<u>27,000</u>	<u>59,500</u>	<u>64,782</u>	<u>5,282</u>
Intergovernmental Revenue:				
State public utility tax	4,750	4,750	4,714	(36)
Alcoholic beverage taxes	3,250	3,250	2,900	(350)
General municipal pension system state aid	148,000	148,000	48,151	(99,849)
Foreign fire insurance premium tax	95,000	95,000	81,464	(13,536)
State payments in lieu of tax	4,500	4,500	6,519	2,019
Local government capital and operating grants	0	0	50,000	50,000
All other state capital and operating grants	<u>2,500</u>	<u>2,500</u>	<u>2,182</u>	<u>(318)</u>
Total Intergovernmental revenue	<u>258,000</u>	<u>258,000</u>	<u>195,930</u>	<u>(62,070)</u>
Charges for Services:				
General government	50,260	315,260	332,166	16,906
Public safety	50,100	61,100	68,107	7,007
All other charges for sanitation services	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Total Charges for Services	<u>\$100,860</u>	<u>\$376,860</u>	<u>\$400,273</u>	<u>\$23,413</u>

Township of Tobyhanna
Schedule of Revenues and Expenditures - General Fund
Budget and Actual - Cash Basis
For the Year Ended December 31, 2017

Schedule 1
Page 2

	Original Budget (Unaudited)	Revised Budget (Unaudited)	Actual	Variance
Unclassified Operating Revenues:				
Contributions and donations from private sectors	\$12,500	\$12,500	\$204,846	\$192,346
All other unclassified operating revenue	<u>3,600</u>	<u>3,600</u>	<u>3,216</u>	<u>(384)</u>
Total Unclassified Operating Revenues	<u>16,100</u>	<u>16,100</u>	<u>208,062</u>	<u>191,962</u>
Total Revenues	<u>4,734,108</u>	<u>5,262,608</u>	<u>5,387,149</u>	<u>124,541</u>
Expenditures:				
General Government:				
Legislative and governing body	28,956	31,956	27,834	(4,122)
Executive - Manager	154,272	193,547	191,962	(1,585)
Financial services	115,407	115,407	110,458	(4,949)
Tax collection	51,628	51,628	46,919	(4,709)
Legal fees	48,000	62,500	61,963	(537)
IT - Networking services	40,000	40,000	35,474	(4,526)
Engineering fees	131,022	142,522	192,869	50,347
General government building and plant	92,500	100,650	74,051	(26,599)
Other general governmental administration	<u>71,100</u>	<u>71,100</u>	<u>56,472</u>	<u>(14,628)</u>
Total General Government	<u>732,885</u>	<u>809,310</u>	<u>798,002</u>	<u>(11,308)</u>
Public Safety:				
Police	2,003,862	2,171,362	1,845,181	(326,181)
Fire	224,200	231,600	192,729	(38,871)
Ambulance	67,500	67,500	65,897	(1,603)
Code enforcement	77,748	80,248	77,153	(3,095)
Planning and zoning	92,585	88,085	83,273	(4,812)
Emergency management and communications	<u>3,500</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Total Public Safety	<u>2,469,395</u>	<u>2,639,795</u>	<u>2,264,233</u>	<u>(375,562)</u>
Public Works - Highways and Streets:				
General services - Administration	439,435	439,435	369,817	(69,618)
Winter maintenance	15,500	15,500	3,026	(12,474)
Traffic control	23,500	23,850	18,455	(5,395)
Repairs of tools and machinery	13,500	13,500	11,083	(2,417)
Maintenance and repairs of roads and bridges	20,000	20,000	0	(20,000)
Highway construction and rebuilding projects	<u>475,000</u>	<u>475,000</u>	<u>506,575</u>	<u>31,575</u>
Total Public Works - Highways and Streets	<u>\$986,935</u>	<u>\$987,285</u>	<u>\$908,956</u>	<u>(\$78,329)</u>

Township of Tobyhanna
Schedule of Revenues and Expenditures - General Fund
Budget and Actual - Cash Basis
For the Year Ended December 31, 2017

Schedule 1
Page 3

	Original Budget (Unaudited)	Revised Budget (Unaudited)	Actual	Variance
Culture and Recreation:				
Parks	\$75,598	\$71,198	\$54,425	(\$16,773)
Library	<u>0</u>	<u>68,500</u>	<u>65,872</u>	<u>(2,628)</u>
Total Culture and Recreation	<u>\$75,598</u>	<u>\$139,698</u>	<u>\$120,297</u>	<u>(\$19,401)</u>
Community Development:				
Economic Development	<u>3,500</u>	<u>3,500</u>	<u>0</u>	<u>(3,500)</u>
Debt Service:				
Principal	<u>0</u>	<u>0</u>	<u>191,184</u>	<u>191,184</u>
Interest	<u>0</u>	<u>0</u>	<u>4,382</u>	<u>4,382</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>195,566</u>	<u>195,566</u>
Employer Paid Benefits and Withholdings:				
Other group insurance benefits	232,825	245,800	215,292	(30,508)
Worker compensation insurance	20,000	20,000	13,824	(6,176)
Pension/retirement fund contributions	<u>19,535</u>	<u>29,035</u>	<u>29,005</u>	<u>(30)</u>
Total Employer Paid Benefits and Withholdings	<u>272,360</u>	<u>294,835</u>	<u>258,121</u>	<u>(36,714)</u>
Insurance	<u>70,000</u>	<u>60,000</u>	<u>55,216</u>	<u>(4,784)</u>
Total Expenditures	<u>4,610,673</u>	<u>4,934,423</u>	<u>4,600,391</u>	<u>(334,032)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347,865</u>	<u>529,415</u>	<u>787,929</u>	<u>258,514</u>
Other Financing Sources (Uses):				
Refunds of prior year's expenditures	0	75,250	105,918	30,668
Proceeds of capital asset disposition	500	2,223,500	10,720	(2,212,780)
Interfund operating transfers	0	0	2,216,282	2,216,282
Refund of prior year revenue	(7,500)	(7,500)	(795)	6,705
Interfund operating transfers out	<u>(116,435)</u>	<u>(2,619,435)</u>	<u>(2,619,435)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(123,435)</u>	<u>(328,185)</u>	<u>(287,310)</u>	<u>40,875</u>
Change in Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$499,448</u>	<u>\$499,448</u>

Township of Tobyhanna
Combining Balance Sheets - Cash Basis
Non-Major Special Revenue Funds
As at December 31, 2017

Exhibit K

	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Highway Aid Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents - Note 2	\$171,096	\$1,754	\$177,795	\$350,645
Due from other funds	<u>1,418</u>	<u>0</u>	<u>0</u>	<u>1,418</u>
Total Assets	<u>172,514</u>	<u>1,754</u>	<u>177,795</u>	<u>352,063</u>
Fund Balances:				
Restricted	<u>\$172,514</u>	<u>\$1,754</u>	<u>\$177,795</u>	<u>\$352,063</u>

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Township of Tobyhanna
Combining Statements of Revenues, Expenditures and Changes
in Fund Balances - Cash Basis
Non-Major Special Revenue Funds
For the Year Ended December 31, 2017

Exhibit L

	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Highway Aid Fund</u>	<u>Total</u>
Revenues:				
Taxes	\$142,861	\$153,345	\$0	\$296,206
Intergovernmental revenue	0	0	316,158	316,158
Interest, rents, and royalties	<u>1,403</u>	<u>31</u>	<u>3,251</u>	<u>4,685</u>
Total Revenues	<u>144,264</u>	<u>153,376</u>	<u>319,409</u>	<u>617,049</u>
Expenditures:				
Public safety	159,470	0	0	159,470
Public works - Highways and streets	0	0	293,031	293,031
Culture and recreation	0	153,307	0	153,307
Debt service	<u>0</u>	<u>0</u>	<u>31,851</u>	<u>31,851</u>
Total Expenditures	<u>159,470</u>	<u>153,307</u>	<u>324,882</u>	<u>637,659</u>
Change in Fund Balances	(15,206)	69	(5,473)	(20,610)
Fund Balances at Beginning of Year	<u>187,720</u>	<u>1,685</u>	<u>183,268</u>	<u>372,673</u>
Fund Balances at End of Year	<u>\$172,514</u>	<u>\$1,754</u>	<u>\$177,795</u>	<u>\$352,063</u>

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Combining Balance Sheets - Cash Basis
Major Capital Projects Funds
For the Year Ended December 31, 2017

Exhibit M

	Capital Contingency Improvements <u>Fund</u>	Capital Improvements <u>Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents - Note 2	<u>\$194</u>	<u>\$1,526,459</u>	<u>\$1,526,653</u>
Fund Balances:			
Assigned	<u>\$194</u>	<u>\$1,526,459</u>	<u>\$1,526,653</u>

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Combining Statements of Revenues, Expenditures and Changes
in Fund Balances - Cash Basis
Major Capital Projects Funds
For the Year Ended December 31, 2017

Exhibit N

	Capital Contingency Improvements <u>Fund</u>	Capital Improvements <u>Fund</u>	<u>Total</u>
Revenues:			
Interest, rents, and royalties	<u>\$2,714</u>	<u>\$4,186</u>	<u>\$6,900</u>
Expenditures			
General government	0	13,695	13,695
Public safety	96,331	0	96,331
Public works - Highways and streets	81,422	10,000	91,422
Culture and recreation	16,528	2,898	19,426
Debt service	<u>0</u>	<u>156,255</u>	<u>156,255</u>
Total Expenditures	<u>194,281</u>	<u>182,848</u>	<u>377,129</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (191,567)	 (178,662)	 (370,229)
Other Financing Sources:			
Interfund operating transfers	0	1,099,435	1,099,435
Interfund operating transfers out	<u>(319,918)</u>	<u>0</u>	<u>(319,918)</u>
Total Other Financing Sources (Uses)	<u>(319,918)</u>	<u>1,099,435</u>	<u>779,517</u>
 Change in Fund Balances	 (511,485)	 920,773	 409,288
 Fund Balances at Beginning of Year	 <u>511,679</u>	 <u>605,686</u>	 <u>1,117,365</u>
 Fund Balances at End of Year	 <u>\$194</u>	 <u>\$1,526,459</u>	 <u>\$1,526,653</u>