

**Whitehall Township,  
Lehigh County, Pennsylvania**

**Financial Statements and  
Supplementary Information**

**December 31, 2017**



## **Whitehall Township**

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December 31, 2017

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## **Independent Auditor's Report**

To the Board of Commissioners and Deputy Mayor  
Whitehall Township  
Lehigh County, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township (the Township), Lehigh County, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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.



### **Basis for Adverse Opinion**

As discussed in Note 2 to the financial statements, the Township has not recorded the retroactive cost of general infrastructure capital assets and has not recorded depreciation expense on those assets. Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, required the retroactive recognition of general infrastructure capital assets on the date of implementation and subsequent depreciation of those assets. The amount by which this departure affects the assets, liabilities, net position, and changes in net position is not reasonably determinable.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the statement of net position - governmental activities and statement of activities - governmental activities do not present fairly the financial position of the governmental activities of the Township as of December 31, 2017, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the balance sheet - governmental funds, statement of revenues, expenditures, and changes in fund balances - governmental funds, statement of fiduciary net position - fiduciary funds, and statement of changes in fiduciary net position - fiduciary fund - pension trust fund present fairly, in all material respects, the respective financial position of Whitehall Township as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information on Pages 4 to 10 and Pages 54 to 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Whitehall Township's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 25, 2018, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

RKL LLP

October 25, 2018  
Wyomissing, Pennsylvania



## **Whitehall Township**

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### **Management's Discussion and Analysis December 31, 2017**

Our discussion and analysis of Whitehall Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2017. Please read it in conjunction with the Township's financial statements that begin on Page 11.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,653,213. Of this amount, \$3,322,034 is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors.
- The Township's net position increased by \$296,295 for the year ended December 31, 2017.
- As of the close of fiscal year 2017, the Township's governmental funds reported combined ending fund balances of \$11,785,044. Approximately 66% of this total amount is available for spending at the government's discretion. The remaining 34% is held for specific capital expenditures, transportation needs, property maintenance, recreation purposes, and debt service.
- During 2017, the Township refinanced its outstanding debt with General Obligation Note, Series 2017. The Township's long-term debt decreased by \$192,564 during 2017.

#### **Overview of the Financial Statements**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements and notes to the financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

**Government-Wide Financial Statements** - The statement of net position - governmental activities presents information on the Township's assets (excluding the retroactive cost of general infrastructure capital assets) and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities - governmental activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).



## Whitehall Township

### Management's Discussion and Analysis

December 31, 2017

#### Overview of the Financial Statements (continued)

**Fund Financial Statements** - Fund financial statements focus on the individual parts of the Township's government. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending.

**Notes to the Financial Statements** - The notes to the financial statements are an integral part of the government-wide and fund financial statements, and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information** - The management's discussion and analysis, pension funding information, and the budgetary comparison schedules represent financial information required by Governmental Accounting Standards Board (GASB) to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as the "basic financial statements").

**Other Supplementary Information** - Combining statements for the nonmajor government funds are presented as other supplementary information.

#### Reporting the Township as a Whole

##### The Township's Reporting Entity Presentation

This annual report includes all activities for which the Township is responsible. Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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. In evaluating how to define the reporting entity, we have considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the Township. There are no agencies or entities that should be presented with the Township.

#### Government-Wide Financial Analysis

The Township is presenting its financial statements in the format prescribed by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The statement of net position - governmental activities and the statement of activities - governmental activities report information about the Township as a whole, and about its activities to measure the results of the year's activities.

## Whitehall Township

### Management's Discussion and Analysis December 31, 2017

#### Government-Wide Financial Analysis (continued)

##### Government-Wide Financial Statements

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$19,653,213 at the close of the fiscal year 2017. Of this amount, \$14,885,621 or 76% is accounted for by capital assets (e.g. land, buildings and equipment, construction in progress), net of accumulated depreciation, less any related debt used to acquire those assets that are still outstanding.

The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Township's net position at December 31, 2017 and 2016 is presented below:

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,791,122	\$ 10,834,221
Other current assets	3,152,651	2,223,181
Capital assets	<u>16,109,953</u>	<u>16,026,657</u>
<b>Total Assets</b>	<u>31,053,726</u>	<u>29,084,059</u>
<b>Deferred Outflows of Resources, Pension</b>	<u>2,159,373</u>	<u>3,322,680</u>
<b>Liabilities</b>		
Current liabilities	2,442,674	1,390,168
Long-term liabilities	<u>10,200,255</u>	<u>10,943,716</u>
<b>Total Liabilities</b>	<u>12,642,929</u>	<u>12,333,884</u>
<b>Deferred Inflows of Resources, Pension</b>	<u>916,957</u>	<u>715,937</u>
<b>Net Position</b>		
Net investment in capital assets	14,885,621	14,566,388
Restricted	1,445,558	1,220,608
Unrestricted	<u>3,322,034</u>	<u>3,569,922</u>
<b>Total Net Position</b>	<u>\$ 19,653,213</u>	<u>\$ 19,356,918</u>

Net position is shown as restricted if it can only be used for a specific purpose. Net position of the Township's State Highway Aid Fund and Traffic Impact Fund are considered restricted. The remaining net position is invested in capital assets or unrestricted.



**Whitehall Township****Management's Discussion and Analysis  
December 31, 2017****Government-Wide Financial Analysis (continued)****Government-Wide Financial Statements (continued)**

The Township's change in net position for the years ended December 31, 2017 and 2016 is presented below:

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 4,332,693	\$ 4,225,412
Operating grants and contributions	1,447,109	1,123,959
Capital grants and contributions	1,956,987	858,469
General revenues		
Real estate taxes	6,269,608	6,234,278
Earned income taxes	6,394,714	6,300,797
Business privilege taxes	1,862,558	1,826,132
Other taxes levied for specific purposes	1,328,032	1,219,340
Interest income and rents	194,654	138,351
Fines and forfeits	149,874	166,882
Proceeds from sale of capital assets	3,525	13,806
Miscellaneous income	207,667	307,710
<b>Total Revenues</b>	<u>24,147,421</u>	<u>22,415,136</u>
<b>Expenditures</b>		
General government	1,682,521	1,498,148
Public safety	8,565,120	8,244,949
Public works	6,130,539	5,255,823
Culture and recreation	2,018,648	906,843
Insurance, employee benefits, and miscellaneous	4,045,487	3,524,926
Depreciation - unallocated	1,372,555	1,146,258
Interest	36,256	65,745
<b>Total Expenditures</b>	<u>23,851,126</u>	<u>20,642,692</u>
<b>Change in Net Position</b>	<b>296,295</b>	<b>1,772,444</b>
<b>Net Position at Beginning of Year</b>	<u>19,356,918</u>	<u>17,584,474</u>
<b>Net Position at End of Year</b>	<u>\$ 19,653,213</u>	<u>\$ 19,356,918</u>



## Whitehall Township

### Management's Discussion and Analysis December 31, 2017

#### Government-Wide Financial Analysis (continued)

##### Government-Wide Financial Statements (continued)

Government-wide revenues for 2017 were primarily derived from property tax collections at 26% and earned income tax collections at 27% of the total. Charges for services, at 18%, are the third largest source of revenue.

Total expenses for all programs in 2017 were \$23,851,126. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 36%. The second largest program is highways and streets at 26%.

##### Net Program Expenses (Revenues)

	<u>2017</u>	<u>2016</u>
General government	\$ (549,534)	\$ 502,464
Public safety	7,518,815	7,453,271
Public works - highways and streets	2,582,670	1,686,981
Culture and recreation	1,773,385	755,150
Insurance, employee benefits, and miscellaneous	3,380,190	2,824,983
Depreciation and interest	<u>1,408,811</u>	<u>1,212,003</u>
<b>Total Net Program Expenses (Revenues)</b>	<b><u>\$ 16,114,337</u></b>	<b><u>\$ 14,434,852</u></b>

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general revenues for support, needing approximately \$7.5 million in 2017. Insurance, employee benefits, and miscellaneous expenses required approximately \$3.4 million in general revenues for support.

#### Capital Assets and Debt Administration

##### Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2017 and 2016 totals \$16,109,953 and \$16,026,657 (net of accumulated depreciation), respectively. The Township's investment in capital assets includes land, buildings and improvements, machinery and equipment, traffic signals, and infrastructure acquired after 2003. Infrastructure includes land improvements, roads, bridges, and storm water lines.

This year's major additions included:

Vehicles	\$ 916,694
Various road projects	414,049

## Whitehall Township

### Management's Discussion and Analysis December 31, 2017

#### Capital Assets and Debt Administration (continued)

##### Capital Assets (continued)

Governmental Activities		
Summary of Capital Assets (Net of Accumulated Depreciation) at December 31		
	2017	2016
Capital assets not being depreciated		
Land	\$ 2,419,613	\$ 2,419,613
Construction in progress	336,688	325,688
	<u>2,756,301</u>	<u>2,745,301</u>
Capital assets being depreciated		
Buildings and improvements	5,131,160	5,352,560
Machinery and equipment	1,714,388	1,060,656
Traffic signals	528,769	652,583
Infrastructure	<u>5,979,335</u>	<u>6,215,557</u>
	<u>13,353,652</u>	<u>13,281,356</u>
<b>Total Capital Assets</b>	<b>\$ 16,109,953</b>	<b>\$ 16,026,657</b>

All assets of the primary government are depreciated using the straight-line method.

Additional information on the Township's capital assets can be found in Note 6 of the financial statements.

##### Long-Term Debt

At December 31, 2017, the Township had \$1,224,332 of general obligation debt outstanding. This was a decrease of \$192,564 or 14% from the previous year. The following table details the activity related to the general obligation debt outstanding during 2017:

Governmental Activities		
Summary of General Obligation Debt at December 31		
	2017	2016
General obligation bonds/notes		
Note, Series of 2017	\$ 1,224,332	\$ -
Note, Series of 2001	-	116,896
Bonds, Series of 2011	-	1,300,000
	<u>\$ 1,224,332</u>	<u>\$ 1,416,896</u>

Additional information on the Township's long-term debt can be found in Note 8 of the financial statements.

## **Whitehall Township**

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### **Management's Discussion and Analysis December 31, 2017**

#### **Economic Factors and Next Year's Budget and Rates**

##### **Economic Factors**

Management and the Board of Commissioners were able to recognize a financial benefit from their prior decisions to increase revenues to offset annual expenditure increases. By ensuring that revenue totals ran consistent with expenses, the Township was able to increase its end of year General Fund fund balance from \$7.37 million to \$7.82 million. This enabled the Township to keep taxes at the same rate as that of 2016. The real estate tax millage rate remains at 2.80 mills.

##### **2018 Budget**

The 2018 budget was adopted by the Township with total General Fund expenditures equaling \$22,475,347 and revenues equaling \$19,196,400. Overall expenditures increased marginally over the prior year with the greatest increases found in employee benefits.

##### **2018 Rates**

As noted above, the real estate tax millage rate remained at 2.80 mills. The earned income tax rate remains at the statutory maximum of 1.00%.

All other tax rates and user fee charges remained at prior year levels.

#### **Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Township.



## Whitehall Township

Statement of Net Position - Governmental Activities  
December 31, 2017

### **Assets**

Cash and cash equivalents	\$ 11,791,122
Accounts receivable	1,613,736
Taxes receivable	789,532
Grants receivable	724,277
Other assets	221
Due from other funds	24,885
Capital assets not being depreciated	2,756,301
Capital assets being depreciated, net	<u>13,353,652</u>
<b>Total Assets</b>	<u><b>31,053,726</b></u>

### **Deferred Outflows of Resources**

Pension	<u>2,159,373</u>
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### **Liabilities**

Accounts payable	1,784,639
Accrued salaries and withholdings	394,099
Accrued interest	1,866
Current portion of long-term debt	262,070
Compensated absences payable	300,798
Long-term debt, net of current portion	962,262
Net pension liability	3,763,110
Other postemployment benefits	<u>5,174,085</u>
<b>Total Liabilities</b>	<u><b>12,642,929</b></u>

### **Deferred Inflows of Resources**

Pension	<u>916,957</u>
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### **Net Position**

Net investment in capital assets	14,885,621
Restricted	1,445,558
Unrestricted	<u>3,322,034</u>
<b>Total Net Position</b>	<u><b>\$ 19,653,213</b></u>

# **Whitehall Township**

Statement of Activities - Governmental Activities  
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Governmental Activities Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General government	\$ 1,682,521	\$ 1,046,959	\$ 28,822	\$ 1,156,274	\$ 549,534
Public safety	8,565,120	521,941	524,364	-	(7,518,815)
Public works	6,130,539	2,616,288	130,868	800,713	(2,582,670)
Culture and recreation	2,018,648	147,505	97,758	-	(1,773,385)
Insurance, employee benefits, and miscellaneous	4,045,487	-	665,297	-	(3,380,190)
Depreciation - unallocated	1,372,555	-	-	-	(1,372,555)
Interest	36,256	-	-	-	(36,256)
<b>Total Governmental Activities</b>	<b>\$ 23,851,126</b>	<b>\$ 4,332,693</b>	<b>\$ 1,447,109</b>	<b>\$ 1,956,987</b>	<b>(16,114,337)</b>
<b>General Revenues</b>					
Real estate taxes					6,269,608
Earned income taxes					6,394,714
Business privilege taxes					1,862,558
Real estate transfer tax					678,530
Local services taxes					567,589
Per capita taxes					81,913
Interest income and rents					194,654
Fines and forfeits					149,874
Proceeds from sale of capital assets					3,525
Refunds of prior year expenses					207,667
<b>Total General Revenues</b>					<b>16,410,632</b>
<b>Change in Net Position</b>					<b>296,295</b>
<b>Net Position at Beginning of Year</b>					<b>19,356,918</b>
<b>Net Position at End of Year</b>					<b>\$ 19,653,213</b>

See accompanying notes.

# Whitehall Township

Balance Sheet - Governmental Funds

December 31, 2017

	General Fund	State Highway Aid Fund	Traffic Impact Fund	Capital Reserve Fund	Lafarge Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 7,800,834	\$ 234,403	\$ 1,226,792	\$ 1,096,948	\$ 1,124,358	\$ 19,268	\$ 288,519	\$ 11,791,122
Accounts receivable	1,815,633	-	-	(1,807)	-	-	-	1,613,736
Taxes receivable	788,532	-	-	-	-	-	-	788,532
Grants receivable	-	-	-	724,277	-	-	-	724,277
Other assets	221	-	-	-	-	-	-	221
Due from other funds	19,782	35,700	-	12,151	97,758	-	-	165,391
<b>Total Assets</b>	<b>\$ 10,226,002</b>	<b>\$ 270,103</b>	<b>\$ 1,226,792</b>	<b>\$ 1,831,479</b>	<b>\$ 1,222,116</b>	<b>\$ 19,268</b>	<b>\$ 288,519</b>	<b>\$ 15,084,279</b>
<b>Liabilities</b>								
Accounts payable	\$ 581,185	\$ 51,337	\$ -	\$ 799,027	\$ 18,203	\$ -	\$ -	\$ 1,449,752
Accrued expenses	400,439	-	-	-	-	-	-	400,439
Refundable deposits	92,841	-	-	-	-	-	-	92,841
Other liabilities	235,706	-	-	-	-	-	-	235,706
Due to other funds	111,111	-	-	25,000	-	-	4,395	140,506
<b>Total Liabilities</b>	<b>1,421,282</b>	<b>51,337</b>	<b>-</b>	<b>824,027</b>	<b>18,203</b>	<b>-</b>	<b>4,395</b>	<b>2,319,244</b>
<b>Deferred Inflow of Resources</b>								
Unavailable revenue - property taxes	180,590	-	-	-	-	-	-	180,590
Unavailable revenue - per capita taxes	24,385	-	-	-	-	-	-	24,385
Unavailable revenue - garbage charges	775,016	-	-	-	-	-	-	775,016
<b>Total Deferred Inflow of Resources</b>	<b>979,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>979,991</b>
<b>Fund Balances</b>								
Restricted	-	218,766	1,226,792	-	-	-	-	1,445,558
Committed	-	-	-	1,007,452	-	19,268	194,112	1,220,832
Assigned	-	-	-	-	1,203,913	-	90,012	1,293,925
Unassigned	7,824,729	-	-	-	-	-	-	7,824,729
<b>Total Fund Balances</b>	<b>7,824,729</b>	<b>218,766</b>	<b>1,226,792</b>	<b>1,007,452</b>	<b>1,203,913</b>	<b>19,268</b>	<b>284,124</b>	<b>11,785,044</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 10,226,002</b>	<b>\$ 270,103</b>	<b>\$ 1,226,792</b>	<b>\$ 1,831,479</b>	<b>\$ 1,222,116</b>	<b>\$ 19,268</b>	<b>\$ 288,519</b>	<b>\$ 15,084,279</b>

See accompanying notes.



## Whitehall Township

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
December 31, 2017

### Total Fund Balances, Governmental Funds

\$ 11,785,044

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, not reported as assets in the governmental funds. The cost of the capital assets is \$40,234,959 and the accumulated depreciation is \$24,125,006.

16,109,953

Taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows in the funds.

979,991

Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds.

1,242,416

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2017 are as follows

Bonds payable

(1,224,332)

Accrued interest on bonds payable

(1,866)

Compensated absences

(300,798)

Net pension liability

(3,763,110)

Other postemployment benefits (OPEB) obligation

(5,174,085)

### Total Net Position, Governmental Activities

\$ 19,653,213

# Whitehall Township

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended December 31, 2017

	General Fund	State Highway Aid Fund	Traffic Impact Fund	Capital Reserve Fund	Lafarge Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 15,844,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,844,577
Licenses and permits	652,710	-	-	-	-	-	-	652,710
Fines and forfeits	149,874	-	-	-	-	-	-	149,874
Interest, rents, and royalties	158,989	6,275	11,634	3,325	11,168	208	3,045	194,854
Intergovernmental revenue	1,218,483	800,713	-	1,156,274	97,758	-	-	3,273,228
Charges for services	3,739,819	-	-	-	-	-	-	3,739,819
Contributions	-	-	130,868	-	-	-	-	130,868
Miscellaneous revenue	207,667	-	-	-	-	-	-	207,667
<b>Total Revenues</b>	<b>21,972,129</b>	<b>806,988</b>	<b>142,502</b>	<b>1,159,599</b>	<b>108,926</b>	<b>208</b>	<b>3,045</b>	<b>24,193,397</b>
<b>Expenditures</b>								
Current								
General government	1,637,255	-	-	-	-	-	-	1,637,255
Public safety	7,806,405	-	-	125,573	-	-	-	7,930,978
Public works	5,294,029	335,403	15,220	449,400	-	-	21,866	6,115,918
Culture and recreation	927,190	-	-	1,078,449	-	-	13,009	2,018,648
Insurance, employee benefits, and other	3,865,643	-	-	-	-	-	-	3,865,643
Debt service	-	-	-	-	-	245,000	-	245,000
Principal	-	-	-	-	-	59,119	-	59,119
Interest	-	-	-	-	-	33,631	-	33,631
Fiscal agent fees	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,455,851	-	-	-	1,455,851
<b>Total Expenditures</b>	<b>19,529,522</b>	<b>335,403</b>	<b>15,220</b>	<b>3,109,273</b>	<b>-</b>	<b>337,750</b>	<b>34,875</b>	<b>23,362,043</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>2,442,607</b>	<b>471,585</b>	<b>127,282</b>	<b>(1,949,674)</b>	<b>108,926</b>	<b>(337,542)</b>	<b>(31,830)</b>	<b>831,354</b>

See accompanying notes.

**Whitehall Township**
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (continued)**

Year Ended December 31, 2017

	General Fund	State Highway Aid Fund	Traffic Impact Fund	Capital Reserve Fund	Lafarge Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>								
Debt issuance proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,224,332	\$ -	\$ 1,224,332
Payment to refunded bond escrow agent	-	-	-	-	-	(1,175,000)	-	(1,175,000)
Proceeds from sale of capital assets	-	-	-	3,525	-	-	-	3,525
Transfers in	-	-	-	2,073,917	-	288,418	-	2,362,335
Transfers out	(1,988,418)	(373,917)	-	-	-	-	-	(2,362,335)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,988,418)</b>	<b>(373,917)</b>	<b>-</b>	<b>2,077,442</b>	<b>-</b>	<b>337,750</b>	<b>-</b>	<b>52,857</b>
<b>Net Change in Fund Balances</b>	<b>454,189</b>	<b>97,688</b>	<b>127,282</b>	<b>127,788</b>	<b>108,926</b>	<b>208</b>	<b>(31,830)</b>	<b>884,211</b>
<b>Fund Balances at Beginning of Year</b>	<b>7,370,540</b>	<b>121,098</b>	<b>1,099,510</b>	<b>879,684</b>	<b>1,094,987</b>	<b>19,060</b>	<b>315,954</b>	<b>10,900,833</b>
<b>Fund Balances at End of Year</b>	<b>\$ 7,824,729</b>	<b>\$ 218,766</b>	<b>\$ 1,226,792</b>	<b>\$ 1,007,452</b>	<b>\$ 1,203,913</b>	<b>\$ 19,268</b>	<b>\$ 284,124</b>	<b>\$ 11,785,044</b>

See accompanying notes.



## Whitehall Township

### Reconciliation of the Governmental Funds

#### Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2017

**Net Change in Fund Balances, Governmental Funds** **\$ 884,211**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities - governmental activities, the costs of those assets are allocated over their estimated lives and reported as depreciation expense. The net effects of these differences in the current period are

Capital outlays	\$ 1,455,851
Depreciation	<u>(1,372,555)</u>

83,296

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities - governmental activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period.

16,225

Some taxes will not be collected for several months after year-end. They are not considered as "available" revenues in the governmental funds. Deferred inflow of resources increased by this amount during the year.

(49,501)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities - governmental activities. The net effect of these differences in the current period are

Principal proceeds	(1,224,332)
Principal repayments	1,420,000
Accreted interest	(3,105)
Amortization of premium on bond issue	<u>43,373</u>

235,936

Some expenses reported in the statement of activities - governmental activities do not require the use of current financial resources and are not reported as expenditures in governmental funds

Compensated absences payable	(46,694)
Net pension expense	(373,559)
Other postemployment benefits (OPEB) obligation	<u>(453,619)</u>

(873,872)

**Change in Net Position, Governmental Activities**

**\$ 296,295**

**Whitehall Township**

## Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2017

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 507,628	\$ 1,523,797	\$ 2,031,425
Investments	<u>29,989,991</u>	<u>-</u>	<u>29,989,991</u>
<b>Total Assets</b>	<u>30,497,619</u>	<u>1,523,797</u>	<u>32,021,416</u>
<b>Liabilities</b>			
Due to other funds	-	24,885	24,885
Returnable deposits	<u>-</u>	<u>1,498,912</u>	<u>1,498,912</u>
<b>Total Liabilities</b>	<u>-</u>	<u>1,523,797</u>	<u>1,523,797</u>
<b>Net Position</b>			
Assets held in trust for pension benefits	<u>\$ 30,497,619</u>	<u>\$ -</u>	<u>\$ 30,497,619</u>

**Whitehall Township****Statement of Changes in Fiduciary Net Position - Fiduciary Fund - Pension Trust Fund**  
**Year Ended December 31, 2017****Additions**

Contributions	
Employer	\$ 763,966
Employee	<u>210,893</u>
Total contributions	<u>974,859</u>
Investment income	
Net increase in value of investments	4,028,364
Interest and dividends	<u>528,318</u>
Total investment income	<u>4,556,682</u>
<b>Total Additions</b>	<u><b>5,531,541</b></u>

**Deductions**

Benefit payments	1,509,451
Administrative expenses	<u>168,742</u>
<b>Total Deductions</b>	<u><b>1,678,193</b></u>

**Change in Net Position** **3,853,348**

**Net Position of Assets Held in Trust for Pension**  
**Benefits at Beginning of Year**

**26,644,271**

**Net Position of Assets Held in Trust for Pension**  
**Benefits at End of Year**

**\$ 30,497,619**



## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 1 - Nature of Activity**

Whitehall Township (the Township), Lehigh County, Pennsylvania, operates under a Home Rule Charter approved by voter referendum in 1974. The Township has an approximate population of 26,000, based on a 2010 census report, living within an area of 12.8 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Lehigh County.

### **Note 2 - Summary of Significant Accounting Policies**

Except for not recording the retroactive cost of general infrastructure capital assets and related depreciation, the Township follows the practice of presenting its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant GASB pronouncements.

#### **The Financial Reporting Entity**

The Township is a Pennsylvania First Class Township which operates under a Board of Commissioners-Mayor form of government. Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. There are no agencies or entities which should be presented with the Township.

#### **Related Organization**

The Township's Board of Commissioners is responsible for appointing the members of the governing board of the Whitehall Township Authority and the Whitehall Township Industrial and Commercial Development Authority, but the Township's accountability for these organizations does not extend beyond making the appointments.

## **Whitehall Township**

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### **Note to Financial Statements**

December 31, 2017

## **Note 2 - Summary of Significant Accounting Policies (continued)**

### **Jointly Governed Organization**

#### **Coplay Whitehall Sewer Authority**

The Township, in conjunction with the Borough of Coplay, has created the Coplay Whitehall Sewer Authority. The Coplay Whitehall Sewer Authority Board is composed of four members appointed by the Whitehall Township Commissioners and three members appointed by the Coplay Borough Council. The primary purpose of the Authority is to provide sewage service to the entire areas of Coplay and Whitehall.

### **Basis of Presentation**

#### **Government-Wide Financial Statements**

The statement of net position - governmental activities and the statement of activities - governmental activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

#### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

#### **Governmental Funds**

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use, and balance of the Township's expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

**General Fund** - is the primary operating fund of the Township and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.



## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation (continued)**

#### **Fund Financial Statements (continued)**

#### **Governmental Funds (continued)**

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted, committed, or assigned revenues should be the foundation for a special revenue fund. The Township reports the following special revenue funds as major funds:

**State Highway Aid Fund** - is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with the Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

**Traffic Impact Fund** - is used to account for fees collected by the Township, thus ensuring that new development bears a proportionate share of the cost of capital expenditures necessary to meet the transportation needs of the Township.

The Township reports the following special revenue funds as nonmajor funds:

**Recreation Escrow Fund** - is used to account for money received from developers of residential subdivisions required to be expended for recreation capital improvements.

**Perpetual Maintenance Fund** - is used to account for fees collected by the Township for future maintenance of dedicated development property.

**Capital Projects Funds** - are used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including the acquisition or construction of major capital improvements. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The Township reports the following capital projects funds as major funds:

**Capital Reserve Fund** - is used to account for resources to be used to construct or acquire capital assets from resources derived from budgetary transfers, investment earnings, and the sale of fixed assets.

**Lafarge Fund** - is used to account for funds received from a settlement for relocation of a road. The funds are used to purchase equipment.



## **Whitehall Township**

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### **Note to Financial Statements**

December 31, 2017

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Basis of Presentation (continued)**

##### **Fund Financial Statements (continued)**

##### **Governmental Funds (continued)**

**Debt Service Fund** - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest (debt service) resources. This Fund includes financial resources that are being accumulated for principal and interest maturing in future years and also includes financial resources that are legally mandated to be accounted for and reported in a debt service fund. The Township reports the following debt service fund as a major fund:

**Debt Service Fund** - is used for the payment of debt related to the Township's General Obligation Bonds and Notes.

##### **Fiduciary Fund Types**

The Township also reports the following fund types:

**Pension Trust Fund** - is used to account for assets held for the Township's police pension plan which is funded by employer and employee contributions. This Fund accounts for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits.

**Agency Funds** - are used to account for assets held in trust for the benefit of others, with the Township having no equity or ownership in the assets. The reporting entity includes the following agency funds:

**Developers Escrow Fund** - is used to record receipt of developer escrow deposits to be used as expense reimbursement for legal and engineering fees.

**Firemen's Length of Service Award Fund** - is used to record receipt of money appropriated from the General Fund for volunteer firemen's length of service awards.

**Flex 125 Plan and Worker's Compensation Funds** - are used to record receipt of money appropriated for nonrisk associated worker's compensation claims and insurance premiums and employee benefits.

**Treasurer's Accounts Fund** - is used for the collection of various taxes from residents and employers in the Township and disbursement to the Township and to local governments.

## **Whitehall Township**

### **Note to Financial Statements**

December 31, 2017

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Measurement Focus and Basis of Accounting**

The basic financial statements of the Township are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements
- Required supplementary information

##### **Government-Wide Financial Statements**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The statement of activities - governmental 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 (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### **Fund Financial Statements**

The fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations are presented which briefly explain the adjustments necessary to reconcile the fund financial statements to the governmental activities of the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred except for unmatured interest on long-term debt, claims, judgments, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.



## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Measurement Focus and Basis of Accounting (continued)**

##### **Fund Financial Statements (continued)**

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, funds must be expended for the specific purpose or project before any amounts will be paid to the Township, therefore, revenues are recognized based upon the expenditures incurred. In the other type, funds are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier, if the susceptible-to-accrual criteria are met.

Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

The Township's Fiduciary Funds are presented in the fund financial statements by type (pension and agency). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

#### **Assets and Liabilities**

##### **Cash**

The Township considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash. Cash held in pension plans trust accounts is classified as an investment.

##### **Investments**

The Board of Commissioners is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

- A. U.S. Treasury Bills.
- B. Short-term obligations of the U.S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. Bills of exchange or time drafts drawn on and accepted by a commercial bank not to exceed 180 days.
- F. Short-term, unsecured obligations of corporations or other business entities organized in accordance with federal or state law.
- G. Shares of mutual funds whose investments are restricted to the above categories.



## **Whitehall Township**

### **Note to Financial Statements**

December 31, 2017

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Assets and Liabilities (continued)**

###### **Investments (continued)**

Investments are carried at fair value.

Investments of pension trust funds are pursuant to the guidelines established by the Police Pension Board.

###### **Accounts Receivable**

Accounts receivable are shown net of allowances for uncollectible amounts.

###### **Due To and From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

###### **Capital Assets**

Capital assets, which include building and improvements, machinery and equipment, traffic signals, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value on the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset, or materially extend its useful life, is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	31½ to 39 years
Machinery and equipment	5 years
Traffic signals	7 years
Infrastructure	15 years

GASB Statement No. 34 requires the Township to report and depreciate new infrastructure assets effective beginning 2003. Infrastructure assets include roads, bridges, traffic signals, etc. Except for traffic signals, neither the historical cost, nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal years ending 2007. Management has not recorded the retroactive reporting of general infrastructure assets and the depreciation on those assets.

## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Assets and Liabilities (continued)**

##### **Bond Premiums and Discounts**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

##### **Returnable Deposits**

The Township requires deposits from developers for site development. Unexpended deposits are returned to developers.

##### **Deferred Outflows of Resources and Deferred Inflows of Resources**

A deferred outflow of resources represents a consumption of net position that applies to a future period not recognized as an outflow of resources until that future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period not recognized as an inflow of resources until that future period.

##### **Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position - governmental activities. Bonds and notes payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

##### **Compensated Absences**

The Township accrues accumulated compensation and sick pay benefits when earned, or estimated to be earned, by the employee. Accrued vacation must be used during the calendar year without carryover to future years, except with advance approval of the Township Executive.

#### **Equity**

##### **Government-Wide Statements**

Net position is classified into the following three components:

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

## **Whitehall Township**

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### **Note to Financial Statements**

December 31, 2017

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Equity (continued)**

###### **Government-Wide Statements (continued)**

**Restricted** - This component of net position consists of constraints placed on net position use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of 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 expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

###### **Governmental Fund Financial Statements**

Fund balances are classified into specifically designed classifications as follows:

**Nonspendable** - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

**Restricted** - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

**Committed** - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

**Assigned** - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed.

**Unassigned** - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.



## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Revenues and Expenditures**

##### **Program Revenues**

All revenues are recognized when received.

In the statement of activities - governmental activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments.

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

##### **Intergovernmental Revenues**

Intergovernmental revenues are received from the Commonwealth of Pennsylvania, federal agencies, and local governmental units, generally to fund specific programs, and are recognized when received.

##### **Property Taxes**

The Township is permitted by its Home Rule Charter to levy real estate taxes up to 20 mills of assessed valuation for general purposes. The millage rate levied by the Township for 2017 was 2.8 mills as established by the Board of Commissioners. Current tax collections for the Township were approximately 98% of the total tax levy.

The Township's real estate taxes are based on assessed value established by the County's Board of Assessments. The real estate taxes are collected by an elected tax collector. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after July 1.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the Township regardless of when the cash is received. Over time, substantially all property taxes are collected.

In the fund financial statements, delinquent property taxes not paid within 60 days of December 31 are recorded as deferred inflow of resources.



## **Whitehall Township**

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Note to Financial Statements  
December 31, 2017

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Internal and Interfund Balances and Activities**

##### **Fund Financial Statements**

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

##### **Interfund Services**

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

##### **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.

##### **Interfund Transfers**

Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

#### **Recent Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. This Statement amends and financial accounting and reporting requirements for sponsors (employers) of OPEB plans. GASB Statement No. 75 is effective for periods beginning after June 15, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statements 67 and 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 is effective for fiscal years beginning after June 15, 2016. The Township adopted Statement No. 74 for its December 31, 2017 financial statements.



## Whitehall Township

### Note to Financial Statements December 31, 2017

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### Recent Accounting Pronouncements (continued)

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes guidance for determining the timing and pattern of recognition for liabilities and deferred outflows of resources related to certain asset retirement obligations. Statement No. 83 is effective for periods beginning after June 15, 2018.

On January 1, 2017, the Township adopted the provisions of GASB Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends and clarifies certain pension disclosures promulgated by Statements No. 67, 68, and 73. Adoption of this guidance did not have a material effect on the Township's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes, and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 is effective for periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB Statement No. 85 is effective for periods beginning after June 15, 2017.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt, by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, and improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to financial statements for debt that is defeased in substance. GASB Statement No. 83 is effective for periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 is effective for periods beginning after December 15, 2019.