

**SMITHFIELD TOWNSHIP,  
MONROE COUNTY, PENNSYLVANIA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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# KIRK, SUMMA & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 307  
ONE DANSBURY SQUARE  
EAST STROUDSBURG, PENNSYLVANIA 18301  
570-421-0753  
FAX # 570-421-3615

## OTHER OFFICES

ALLENTOWN, PA  
610-770-9889  
BRODHEADSVILLE, PA  
570-992-5876

DALE E KIRK, C.P.A.  
KEVIN D. SUMMA, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Smithfield Township  
East Stroudsburg, Pennsylvania

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Smithfield Township, Pennsylvania, 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.

**Other Matters**

*Required Supplementary Information*

Smithfield Township's management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Smithfield Township's basic financial statements. The combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Kirk, Summa & Co., LLP*

East Stroudsburg, Pennsylvania  
September 20, 2018

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

ASSETS	<u>Governmental Activities</u>	<u>Component Unit Sewer Authority</u>
Current Assets:		
Cash	\$ 3,413,203	\$ 2,150,368
Escrow funds	10,100	98
Receivables (net of allowance for doubtful accounts):		
Taxes	48,397	-
Engineer and legal fees	9,918	-
Sewer user fees	-	790,562
Due from Smithfield Sewer Authority- current portion	405,000	-
Due from other funds	3,140	-
Due from other governments	2,857	-
Prepaid insurance	834	8,272
Total Current Assets:	<u>3,893,449</u>	<u>2,949,300</u>
Capital Assets:		
Land	130,527	-
Construction in progress	18,916	-
Buildings and contents	6,158,112	-
Land improvements	1,260,750	-
Vehicles	723,037	-
Office equipment	26,836	-
Machinery and equipment	672,014	-
Infrastructure	2,241,774	-
Sewer Authority capital assets	-	16,807,279
	<u>11,231,966</u>	<u>16,807,279</u>
Less: accumulated depreciation	<u>(3,310,475)</u>	<u>(7,439,363)</u>
Total Capital Assets, net	7,921,491	9,367,916
Other Assets:		
Due from Smithfield Sewer Authority, net of current portion	2,230,000	-
Original issue discount, net	18,719	17,327
Total Other Assets	<u>2,248,719</u>	<u>17,327</u>
Total Assets	<u>\$ 14,063,659</u>	<u>\$ 12,334,543</u>

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION - continued  
DECEMBER 31, 2017**

	Governmental Activities	Component Unit Sewer Authority
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 24,195	\$ 20,335
Payroll taxes payable	1,434	-
Due from other funds	3,140	-
Accrued wages	14,742	-
Accrued interest	64,638	33,848
Unamortized bond premiums	36,259	73,340
Total Current Liabilities	144,408	127,523
Long-term Liabilities:		
Accrued compensated absences	2,353	-
Long-term debt:		
Due or payable within one year	580,000	144,609
Due or payable - capital lease - within one year	29,573	-
Due to Smithfield Township within one year	-	405,000
Due to Smithfield Township after one year	-	2,230,000
Due or payable after one year	4,510,000	2,672,155
Due or payable - capital lease - after one year	63,134	-
Total long-term debt	5,182,707	5,451,764
Total Long-term Liabilities	5,185,060	5,451,764
Total Liabilities	5,329,468	5,579,287
<b>NET POSITION</b>		
Contributed Capital - Sewer Authority	-	1,905,116
Invested in capital assets, net of related debt	2,831,491	3,916,152
Restricted	5,633	-
Unrestricted	5,897,067	933,988
	8,734,191	4,850,140
Total Net Position	8,734,191	6,755,256
Total Liabilities and Net Position	\$ 14,063,659	\$ 12,334,543

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
					Governmental Activities	Sewer Authority
<b>Governmental activities:</b>						
General government	\$ 365,001	\$ 51,838	\$ 5,222	\$ 15,629	\$ (292,312)	\$ -
Public safety and protective inspection	283,690	50,479	49,590	-	(183,621)	-
Public works - other	78,029	91,001	-	-	12,972	-
Highways and streets	757,028	-	321,818	-	(435,210)	-
Water system	787	-	-	-	(787)	-
Parks and recreation	82,690	2,858	500	16,228	(63,104)	-
Conservation of natural resources	15,532	-	-	-	(15,532)	-
Payroll taxes	35,942	-	-	-	(35,942)	-
Pension	25,725	-	26,475	-	750	-
Other employer paid benefits	251,152	-	-	-	(251,152)	-
Interest (unallocated)	67,588	-	-	-	(67,588)	-
Depreciation (unallocated)	290,502	-	-	-	(290,502)	-
Insurance	56,853	-	-	-	(56,853)	-
<b>Total governmental activities</b>	<b>2,310,519</b>	<b>196,176</b>	<b>403,605</b>	<b>31,857</b>	<b>(1,678,881)</b>	<b>-</b>
<b>Business-type activities:</b>						
Component unit - Sewer Authority	1,169,410	1,508,688	-	-	-	339,278
<b>Total government</b>	<b>\$ 3,479,929</b>	<b>\$ 1,704,864</b>	<b>\$ 403,605</b>	<b>\$ 31,857</b>	<b>-</b>	<b>-</b>
<b>General Revenues:</b>						
Taxes					1,735,739	-
Licenses and permits					168,087	-
Fines, forfeits and penalties					1,486	-
Interest					54,285	8,789
Miscellaneous					29,839	-
<b>Total general revenues</b>					<b>1,989,436</b>	<b>8,789</b>
<b>Change in net position</b>					<b>310,555</b>	<b>348,067</b>
<b>Net position at beginning of year</b>					<b>8,423,636</b>	<b>4,375,065</b>
<b>Depreciation of Authority's contributed capital</b>					<b>-</b>	<b>127,008</b>
<b>Net position at end of year</b>					<b>\$ 8,734,191</b>	<b>\$ 4,850,140</b>

See accompanying notes to basic financial statements.

SMITHFIELD TOWNSHIP  
 MONROE COUNTY, PENNSYLVANIA  
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 DECEMBER 31, 2017

Total fund balance - total governmental funds	\$ 3,419,736
Amounts reported for governmental activities in the statement of net assets are different because:	
Real estate taxes receivable that are not reported as current financial resources because they are not deemed collectible within sixty days of the fiscal year end.	24,368
Prepaid insurance is not recorded on the governmental balance sheet because it is not completely expensed within the sixty days using the modified accrual basis of accounting.	834
Amounts due from the Smithfield Sewer Authority are not reported as current financial resources and are therefore not deemed collectible under the modified accrual basis of accounting.	2,635,000
Capital assets and land used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	11,231,966
Accumulated depreciation from capital assets used in governmental activities are not current financial resources and therefore is not reported in the governmental funds balance sheet.	(3,310,475)
Intangible other assets, net of accumulated amortization, used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	(17,540)
Accrued interest is not accrued in governmental-type funds.	(64,638)
Accrued compensated absences payable are not accrued in governmental-type funds.	(2,353)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Due or payable within one year	(609,573)
Due or payable after one year	(4,573,134)
Net position of governmental activities	\$ 8,734,191

See accompanying notes to basic financial statements.



**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	General Fund	Highway Fund	Special Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 2,853,319	\$ 11,427	\$ 467,506	91,051	\$ 3,423,303
Taxes receivable	24,028	-	-	-	24,028
Professional fee reimbursements receivable	9,918	-	-	-	9,918
Due from other govts	2,857	-	-	-	2,857
Due from other funds	3,140	-	-	-	3,140
<b>Total assets</b>	<b>\$ 2,893,262</b>	<b>\$ 11,427</b>	<b>\$ 467,506</b>	<b>\$ 91,051</b>	<b>\$ 3,463,246</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 21,428	\$ 2,732	\$ -	\$ 34	\$ 24,194
Payroll tax liabilities	1,434	-	-	-	1,434
Accrued wages	14,742	-	-	-	14,742
Due to other funds	-	-	-	3,140	3,140
<b>Total Liabilities</b>	<b>37,604</b>	<b>2,732</b>	<b>-</b>	<b>3,174</b>	<b>43,510</b>
<b>Fund balances</b>					
Restricted	-	8,695	-	-	8,695
Assigned	-	-	467,506	87,877	555,383
Unassigned	2,855,658	-	-	-	2,855,658
<b>Total fund balances</b>	<b>2,855,658</b>	<b>8,695</b>	<b>467,506</b>	<b>87,877</b>	<b>3,419,736</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,893,262</b>	<b>\$ 11,427</b>	<b>\$ 467,506</b>	<b>\$ 91,051</b>	<b>\$ 3,463,246</b>

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Highway Fund	Special Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,732,724	\$ -	\$ -	\$ -	\$ 1,732,724
Licenses, permits and fees	168,087	-	-	-	168,087
Fines, forfeitures and penalties	1,486	-	-	-	1,486
Interest	17,306	1,297	2,011	465	21,079
Rental income	33,206	-	-	-	33,206
Intergovernmental	97,415	321,818	-	16,228	435,461
Charges for services	196,176	-	-	-	196,176
Miscellaneous	1,483	-	-	28,354	29,837
<b>Total revenues</b>	<b>2,247,883</b>	<b>323,115</b>	<b>2,011</b>	<b>45,047</b>	<b>2,618,056</b>
<b>Other financing sources</b>					
Interfund operating transfers in	-	12,000	159,795	83,854	255,649
Transfers from Authority for debt obligations	467,750	-	-	-	467,750
<b>Total revenues and other financing sources</b>	<b>2,715,633</b>	<b>335,115</b>	<b>161,806</b>	<b>128,901</b>	<b>3,341,455</b>
<b>Expenditures</b>					
General government	407,783	-	-	-	407,783
Public safety and protective inspection	283,690	-	-	-	283,690
Public works - other	78,029	-	-	-	78,029
Highways and streets	426,243	332,053	-	-	758,296
Water system	787	-	-	-	787
Parks and recreation	26,644	-	-	66,319	92,963
Conservation of natural resources	6,050	-	-	9,482	15,532
Debt service - principal	588,318	-	-	-	588,318
Debt service - interest	151,985	-	-	-	151,985
Payroll taxes	35,942	-	-	-	35,942
Pension	25,725	-	-	-	25,725
Insurance	58,895	-	-	-	58,895
Employee benefits	243,483	-	-	-	243,483
<b>Total expenditures</b>	<b>2,333,574</b>	<b>332,053</b>	<b>-</b>	<b>75,801</b>	<b>2,741,428</b>
<b>Other financing uses</b>					
Interfund operating transfers out	255,649	-	-	-	255,649
<b>Total expenditures and other financing uses</b>	<b>2,589,223</b>	<b>332,053</b>	<b>-</b>	<b>75,801</b>	<b>2,997,077</b>
<b>Net change in fund balances</b>	<b>126,410</b>	<b>3,062</b>	<b>161,806</b>	<b>53,100</b>	<b>344,378</b>
<b>Fund balances at beginning of year</b>	<b>2,729,248</b>	<b>5,633</b>	<b>305,700</b>	<b>34,777</b>	<b>3,075,358</b>
<b>Fund balances at end of year</b>	<b>\$ 2,855,658</b>	<b>\$ 8,695</b>	<b>\$ 467,506</b>	<b>\$ 87,877</b>	<b>\$ 3,419,736</b>

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - total governmental funds	\$ 344,378
Amounts reported for governmental activities in the statement of activities are different because:	
Accrual of real estate taxes receivable that are not accrued for the modified accrual basis of accounting.	3,015
Government funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	48,935
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(290,502)
Amortization expense on intangible assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, amortization expense is not reported as expenditure in governmental funds.	1,514
Change in accrued interest that is not accrued for the modified accrual basis of accounting.	5,133
The amount of loan repayments from the Smithfield Sewer Authority recorded as revenues under the modified accrual basis of accounting.	(390,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences on the treatment of long-term debt and related items:	
Repayment of principal portion of long-term debt.	588,318
Expenditures are recognized in the governmental funds when paid, however, the Statement of Activities is presented on an accrual basis and expenses are reported when incurred. This amount is the net effect of these differences:	
Compensated absences expense	(1,222)
Pension costs, net	984
Change in net assets of governmental activities	\$ 310,553

See accompanying notes to basic financial statements.

SMITHFIELD TOWNSHIP  
 MONROE COUNTY, PENNSYLVANIA  
 STATEMENTS OF FIDUCIARY NET POSITION  
 PENSION FUND  
 DECEMBER 31, 2017

	Non-Uniform Pension Fund
ASSETS	
Investments at fair value assets with PMRS	\$ 490,518
Township contributions receivable	-
	-
TOTAL ASSETS	\$ 490,518
LIABILITIES	
Net assets held in trust for pension benefits	\$ 490,518
	\$ 490,518

See accompanying notes to basic financial statements.

SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
PENSION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Non-Uniform Pension Fund
ADDITIONS	
Contributions	
Member	\$ 15,466
Municipal for Member	25,753
Total Contributions	41,219
Investment income	25,201
TOTAL ADDITIONS	66,420
DEDUCTIONS	
Administrative expense	208
Retiree benefits withdraw	80,647
TOTAL DEDUCTIONS	80,855
NET (DECREASE) IN NET POSITION	(14,435)
Net assets held in trust for pension benefits	
At beginning of year	504,953
At end of year	\$ 490,518

See accompanying notes to basic financial statements.

**SMITHFIELD SEWER AUTHORITY  
MONROE COUNTY, PENNSYLVANIA  
A COMPONENT UNIT OF SMITHFIELD TOWNSHIP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cash flows from operating activities:	
Cash received from customers	\$ 1,422,541
Cash payments for goods and services	<u>(491,403)</u>
Net cash flows provided by operating activities	931,138
Cash flows from non-capital financing activities:	
Grant expenditures	(18,662)
EDU allocation fee	<u>(118,768)</u>
Net cash flows (used in) non-capital financing activities	(137,430)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(61,315)
Proceeds from long-term debt	1,916,265
Repayment of portion of loan from Smithfield Township	(589,006)
Payment of interest on long-term debt	<u>(128,822)</u>
Net cash flows (used in) capital and related financing activities	1,137,122
Cash flows provided by investing activities:	
Interest earned on cash balances	<u>8,789</u>
Net cash provided by investing activities	<u>8,789</u>
Net increase in cash	1,939,619
Cash - January 1	210,847
Cash - December 31	<u><u>\$ 2,150,466</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 605,531
Adjustments to reconcile operating income to cash provided by operating activities:	
Items in operating income not affecting cash:	
Depreciation	411,754
Changes in current assets and liabilities:	
(Increase) in accounts receivable	(61,709)
(Increase) in prepaid expenses	(2,850)
Decrease in unamortized bond discounts	3,781
(Decrease) in accounts payable	(5,792)
(Decrease) in accrued debt interest	(3,575)
(Decrease) in unamortized bond premiums	<u>(16,002)</u>
Total adjustments	<u>325,607</u>
Net cash provided by operating activities	<u><u>\$ 931,138</u></u>

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
BALANCE SHEET  
ESCROW FUND  
DECEMBER 31, 2017**

ASSETS	
Cash	\$ 13,240
TOTAL ASSETS	<u>\$ 13,240</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Escrow Payable	\$ 13,240
FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,240</u>

See accompanying notes to basic financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General Statement

Smithfield Township was formed in 1742 and operates as a second-class township in Monroe County, Pennsylvania. It operates using a Board of Supervisors (three) as its governing body.

The Township has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

B. Financial Reporting Entity

The report includes all of the services provided by the Township to residents and businesses within its boundaries. Township services provided include general administrative services, public safety (fire), highways and streets, planning and zoning, and recreation and community services. The criteria for including organizations as component units within the Township's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Township holds the corporate powers of the organization
- The Township appoints a voting majority of the organization's board
- The Township is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Township
- There is fiscal dependency by the organization on the Township

Based on the aforementioned criteria, the Township has one component unit – Smithfield Sewer Authority. The financial statements of Smithfield Sewer Authority can be reviewed at the Township's municipal building with prior scheduling with the Authority's management.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities columns, has been removed from these statements.



**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) operating grants and contributions that are restricted to meeting the operational requirements of a particular function or segment or (3) capital grants and contributions that are restricted to meeting the capital requirement. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:**

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following major governmental funds:

**General Fund** - The General Fund is the main operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

**Highway Fund** – The Highway Fund accounts for the Township's Liquid Fuels and Highway allocations for maintenance of Township roadways.

**Special Projects Fund** – The Special Projects Fund accounts for the Township's revenues allocated for restoration and land improvement projects funded by federal, state, and local grants

**D. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The revenues susceptible to accrual are taxes, licenses, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

**E. Budgetary Control**

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Township prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Township prior to adoption.
3. Prior to December 31<sup>st</sup>, the budget is legally enacted by the Township and the tax levy ordinance is adopted.
4. The Township, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Prior to December 31<sup>st</sup>, the budget is legally enacted by the Township and the tax levy ordinance is adopted.

**F. Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**G. Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the governmental-type activities columns in the government-wide financial. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and plant	50 years
Machinery and equipment	5 years
Vehicles and transportation equipment	5 years
Infrastructure	15-50 years

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**G. Compensated Absences**

The Township's policy for accrual of compensated absences is to allow full-time employees to accrue a maximum of five days of vacation time, which must be used by March 31 of the subsequent year. The value of compensated absences at the end of the year is calculated by multiplying the number of accumulated hours by each employees pay rate as of the end of the year.

**H. Equity Classification Government-Wide**

Equity is classified as net position and displayed in three components for government-wide presentation:

- a. Invested in capital assets, net of related debt – 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 amounts with constraints placed on the 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.
- c. Unrestricted net position – All other amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**I. Equity Classification – Governmental Fund Financial Statements**

In the fund financial statements the Township reports fund balance classifications in accordance with the provisions of GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following are a listing of fund balance categories:

Non-Spendable - Not in spendable form or legally or contractually required to remain intact.

Restricted - Externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – Only can be used for specific purposes pursuant to constraints by formal action of the highest level of decision-making authority. The Township's Committed Fund Balance is fund balance reporting required by the Township Supervisors, either because of a Township Policy or in the Township Policy Manual, or because of motions that passed at Board meetings.

Assigned – Constrained by intent to be or used for specific purpose. The Township's Assigned Fund Balance is fund balance reporting occurring by Township authority under the direction of the Township Business Manager.

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

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

J. Equity Classification – Governmental Fund Financial Statements - continued

For the classification of Governmental Fund balances, the Township considers an expenditure to be made from the most restrictive first when more than one classification is available.

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

L. Cash and Cash Equivalents

The Township considers all cash accounts and highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

M. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which became effective in the current year as shown below:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ." This Statement became effective for fiscal years beginning after June 15, 2016. The Statement has no impact on the Township's financial statements.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*" was effective for fiscal years beginning after June 15, 2016. The Statement has no impact on the Township's financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*" The objective of this Statement became effective for fiscal years beginning after June 15, 2016. The Statement has no impact on the Township's financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The Objective of this Statement became effective for periods beginning after December 15, 2016. This Statement has no impact on the Township's financial statements.

Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The Objective of this Statement, effective for periods beginning after June 15, 2016, is to address certain issues 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 Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*" The Township is evaluating the impact this Statement may have on the financial statements.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Custodial Credit Risk Related 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 insured limits relies upon the Pennsylvania Pledge Act 72 (72 P.S. section 3836-1et seq.). 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.

The table presented below is designed to disclose the level of custodial credit risk assumed by the Township based on how its deposits were insured or secured with collateral at December 31, 2017. The comparison relates to the primary government only. The categories and related deposits are defined as follows:

Categories	Deposits held in financial institutions
Category 1 – Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Township or by its agent in its name.	\$ 750,000
Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.	-
Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Township's name; or properly collateralized with no written and approved collateral agreement.	2,637,759
TOTAL	\$ 3,387,759

Investments

State laws authorize the Township to invest with the Pennsylvania Local Government Investment Trust (PLGIT), deposits in savings accounts or time deposits of institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), certificates of deposit purchased from institutions insured by the FDIC, and 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 or the Commonwealth of Pennsylvania.

The Township maintains investments with the PLGIT. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that their objective is to maintain a stable net asset value of \$1 per share, and is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. The Township treats their PLGIT as cash equivalents on the statement of net position and fund balance statements.

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

Investment	Fair Value
PLGIT Money Market Funds	\$ 34,340
<b>Total Investments</b>	<b>\$ 34,340</b>

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 3 – FUND BALANCE CLASSIFICATIONS**

At December 31, 2017 the unassigned fund balance for the general fund is \$2,855,658. The restricted fund balance is made up of \$8,695 for future highway related expenditures. All remaining funds are designated as assigned for expenditures related to that fund.

**NOTE 4 – PROPERTY TAXES**

Based upon taxable assessed valuation provided by the County (approximately \$111,550,880 in 2017), the Township bills and collects its own property taxes through an appointed tax collector. The Township's tax rate for all purposes for 2017 was 4.00 mills (\$4.00 per \$1,000 of assessed valuations). The schedule for property taxes levied for 2017 is as follows:

March 1	Levy Date
March 1 through April 30	2% Discount Period
May 1 through June 30	Face Payment Period
July 1 through December 31	10% Penalty Period
January 1 (following year)	Lien Date

**NOTE 5 – CAPITAL ASSETS**

A summary of the changes in governmental-type activities fixed assets for the year ended December 31, 2017 is as follows:

	Balance 1/1/17	Additions	Retirements/ Adjustments	Balance 12/31/17
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 130,527	\$ -	\$ -	\$ 130,527
Construction in process	18,916	-	-	18,916
Assets being depreciated:				
Buildings and improvements	6,120,041	38,071	-	6,158,112
Land improvements	1,260,750	-	-	1,260,750
Vehicles and transportation equipment	720,546	2,491	-	723,037
Office equipment	26,836	-	-	26,836
Machinery and equipment	663,641	8,373	-	672,014
Infrastructure	2,241,774	-	-	2,241,774
Total Capital Assets	11,183,031	48,935	-	11,231,966
Less: accumulated Depreciation	3,019,973	290,502	-	3,310,475
Governmental activities capital assets, net	\$ 8,163,058	\$ (241,567)	\$ -	\$ 7,921,491

Depreciation expense of \$290,502 in the governmental activities was charged to the general government and administration area expenses because the Township chooses not break down the expenses into functional areas.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 6 – LONG-TERM DEBT**

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

	Balance 1/1/17	Issues/ Additions	Payments/ Deductions	Balance 12/31/17
<u>Governmental Type Activities</u>				
Series 2015 Bond Issue	\$ 5,650,000	\$ -	\$ 560,000	\$ 5,090,000
Total governmental	<u>\$ 5,650,000</u>	<u>\$ -</u>	<u>\$ 560,000</u>	<u>\$ 5,090,000</u>

Details of the long-term debt consist of the following:

The Township signed a bond purchase agreement on March 24, 2015, to refinance the Series 2010 Bond Issue with the issuance of General Obligation Bonds, Series of 2015 dated April 30, 2015. The original amount of the Series 2015 Bond Issue was \$6,250,000. The Township has an agreement with Smithfield Sewer Authority for the Authority to reimburse the Township annually for both the principal and interest portions of the Authority's debt that was refinanced. The Authority's portion of the remaining \$5,650,000 Series 2015 Bond Issue is \$2,635,000 at December 31, 2017.

The following table lists the maturity repayment requirements and annual interest rates:

Year Ended	Principal	Interest	Total Payment	Annual Interest %
2018	\$ 580,000	\$ 132,323	\$ 712,323	3.000%
2019	595,000	111,723	706,723	4.000%
2020	625,000	87,323	712,323	4.000%
2021	640,000	68,423	708,423	2.000%
2022	665,000	55,373	720,373	2.000%
2023-2027	1,525,000	141,972	1,666,972	2.000%-2.450%
2028-2029	460,000	13,340	473,340	2.900%
Totals	<u>\$ 5,090,000</u>	<u>\$ 610,477</u>	<u>\$ 5,700,477</u>	

**NOTE 7 – DUE FROM SMITHFIELD SEWER AUTHORITY**

The Township has an agreement with Smithfield Sewer Authority which requires the Authority to fund the portion of the Township's 2015 bond issuance obligations related to the portion of debt that satisfied the Authority's prior bond issuance. The Township's Supervisors agreed in 2004 to issue bonds, with the majority of the proceeds paying the prior obligations of the Authority. When the Township refinanced the 2004 bond the Authority's portion of the bond obligation increased accordingly. The following is a summary of the obligation due to the Township:

	Balance 1/1/17	Additions	Payments/ Reductions	Balance 12/31/17
Due from Authority	<u>\$ 3,025,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 2,635,000</u>

The Authority also transferred \$77,750 to the Township to cover bond interest requirements for 2017.

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 8 – AMORTIZATION OF BOND DISCOUNTS AND PREMIUMS**

The Township incurred amortizable discounts and premiums in 2015, related to the issuance of its bonds, which were amortized over the term of the bonds. Resulting from the Bond refinance on March 2, 2010 were new amortizable discounts and premiums.

The following summarizes the amortization of the above discounts and premiums for the year ended December 31, 2017:

	Original Amount	Accumulated Amortization 1/1/17	Amortization Expense 2017	Accumulated Amortization 12/31/17
Original issue discount	\$ 21,816	\$ (1,481)	\$ (1,616)	\$ (3,097)
Original issue premium	(42,259)	2,870	3,130	6,000
Totals	<u>\$ (20,443)</u>	<u>\$ 1,389</u>	<u>\$ 1,514</u>	<u>\$ 2,903</u>

**NOTE 9 – CAPITAL LEASE**

On October 28, 2016, the Township entered into a capital lease with PACCAR for the purchase of a 2017 Model 348 Peterbilt dump truck. The lease purchase amount is \$154,706, and the payments required are 5 annual payments of \$33,680.55 including interest at a nominal annual rate of 4.431%.

The following is a summary of the Township's capital lease transactions:

	Balance 01/01/17	Additions	Principal Reductions	Balance 12/31/17
Capital Lease - Truck	\$ 121,025	\$ -	\$ 28,318	\$ 92,707
Totals	<u>\$ 121,025</u>	<u>\$ -</u>	<u>\$ 28,318</u>	<u>\$ 92,707</u>

The following table lists the maturity repayment requirements and annual interest rates:

Year Ended	Principal	Interest	Total Payment
2018	\$ 29,573	\$ 4,108	\$ 33,681
2019	30,883	2,798	33,681
2020	32,251	1,430	33,681
Totals	<u>\$ 92,707</u>	<u>\$ 8,336</u>	<u>\$ 101,043</u>

**NOTE 10 – NON-UNIFORM PENSION**

Plan Description

General: The Smithfield Township pension plan is a single-employer defined contribution pension plan controlled by the provisions of Ordinance 213, dated 11/12/13. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans.



**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 10 – NON-UNIFORM PENSION - Continued**

Plan Membership

Membership is mandatory for full-time officers and employees of the Township. Credited service begins to accrue as of the enrollment date, which is the date of hire, or upon the expiration of the Member's probationary status, whichever is more recent. A member shall vest upon the completion of one year of credited service.

The plan provides retirement, disability and death benefits to plan members and their beneficiaries equal to a single life annuity starting on the effective date of retirement with a present value equal to the Member's Accumulated Deductions and municipal contributions made on behalf of the Member. Members are eligible for retirement upon the attainment sixty-two (62) years of age.

Contributions

In accordance with the Plan's governing Ordinance or Resolution as applicable, members are not required to contribute to the plan, but may elect to contribute up to 20% of compensation. These contributions are deducted from payroll, and treated as taxed at the time they are made to the System, will be tracked separately, and will not be treated as taxable when paid out to the Member.

The Township is required to contribute \$750 to each member per quarter (\$3,000 annually), and may annually elect to contribute at a higher amount in future years by adopting a resolution and filing a copy of it with the Board.

**NOTE 11 – INTERFUND TRANSFERS**

The Township transfers funds between funds periodically to allocate revenues and to cover expenditures. Interfund transfers are approved at public meetings of the Supervisors. Interfund transfers during the year ended December 31, 2017, were as follows:

	Transfer In	Transfers Out
Park Fund	\$ 31,000	\$ -
Community Garden	10,000	-
Highway Fund	12,000	-
Special Projects	159,795	-
Capital Projects	42,854	-
General Fund	-	255,649
Total	\$ 255,649	\$ 255,649

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Township's management has evaluated events and transactions subsequent to December 31, 2017 through September 20, 2018, the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Events Topics of the FASB Accounting Standards Codification, the Township's management is not aware of subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,355,250	\$ 1,355,250	\$ 1,732,724	\$ 377,474
Licenses, permits and fees	154,700	154,700	168,087	13,387
Fines, forfeitures and penalties	2,700	2,700	1,486	(1,214)
Interest	7,000	7,000	17,306	10,306
Rental income	31,500	31,500	33,206	1,706
Intergovernmental	88,800	88,800	97,415	8,615
Charges for services	178,600	178,600	196,176	17,576
Miscellaneous	300	300	1,483	1,183
Total revenues	<u>1,818,850</u>	<u>1,818,850</u>	<u>2,247,883</u>	<u>429,033</u>
Other financing sources				
Transfers from Authority for debt	<u>467,750</u>	<u>467,750</u>	<u>467,750</u>	<u>-</u>
Total revenues and other financing sources	<u>2,286,600</u>	<u>2,286,600</u>	<u>2,715,633</u>	<u>429,033</u>
Expenditures				
General government	322,850	322,850	407,783	(84,933)
Public safety and protective inspection	294,490	294,490	283,690	10,800
Public works - other	83,400	83,400	78,029	5,371
Highways and streets	420,229	420,229	426,243	(6,014)
Water system	1,000	1,000	787	213
Parks and recreation	6,300	6,300	26,644	(20,344)
Conservation of natural resources	7,350	7,350	6,050	1,300
Debt service - principal	588,318	588,318	588,318	-
Debt service - interest	152,363	152,363	151,985	378
Payroll taxes	44,500	44,500	35,942	8,558
Pension	24,000	24,000	25,725	(1,725)
Insurance	141,000	141,000	58,895	82,105
Employee benefits	<u>169,300</u>	<u>169,300</u>	<u>243,483</u>	<u>(74,183)</u>
Total expenditures	<u>2,255,100</u>	<u>2,255,100</u>	<u>2,333,574</u>	<u>(78,474)</u>
Other financing uses				
Interfund operating transfers out	30,000	30,000	255,649	(225,649)
Refund of prior year's revenues	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total other financing uses	<u>31,500</u>	<u>31,500</u>	<u>255,649</u>	<u>(224,149)</u>
Total expenditures and other financing uses	<u>2,286,600</u>	<u>2,286,600</u>	<u>2,589,223</u>	<u>(302,623)</u>
Excess of revenues over expenditures	-	-	126,410	<u>\$ 126,410</u>
Fund balance at beginning of year (forwarded)	-	-	2,729,248	
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,855,658</u>	

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

**NOTE A – BUDGETARY COMPLIANCE**

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Township prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Township prior to adoption.
3. Prior to December 31<sup>st</sup>, the budget is legally enacted by the Township and the tax levy ordinance is adopted.
4. The Township, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Prior to December 31<sup>st</sup>, the budget is legally enacted by the Township and the tax levy ordinance is adopted.

The legal level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. All transfers of appropriations between departments and supplemental appropriations require Township Board approval.

For the year ended December 31, 2017, expenditures exceeded appropriations at the legal level of control in the General Fund as follows:

Object Category	Expenditures Exceeding Appropriations
General government	\$84,933
Highways and streets	\$ 6,014
Parks and recreation	\$20,344
Pension	\$ 1,725
Employee benefits	\$74,183

## SUPPLEMENTARY INFORMATION

**SMITHFIELD TOWNSHIP  
MONROE COUNTY, PENNSYLVANIA  
COMBINING BALANCE SHEETS - OTHER GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	Park & Rec. Fund	Community Garden Fund	PLGIT Bond Proceeds Fund	Fairshare Road Improvement Fund	Fees in Lieu of Open Space Fund	Capital Projects Fund	Rivers Edge Bike Park Fund	Total Other Governmental Funds
<b>ASSETS</b>								
Cash	\$ 15,902	\$ 4,448	\$ 790	\$ 10,398	\$ 6,220	\$ 43,361	\$ 9,932	\$ 91,051
<b>TOTAL ASSETS</b>	<u>\$ 15,902</u>	<u>\$ 4,448</u>	<u>\$ 790</u>	<u>\$ 10,398</u>	<u>\$ 6,220</u>	<u>\$ 43,361</u>	<u>\$ 9,932</u>	<u>\$ 91,051</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34
Due to other funds	-	-	-	-	-	-	3,140	3,140
<b>TOTAL LIABILITIES</b>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,140</u>	<u>3,174</u>
<b>FUND BALANCES</b>								
Assigned	15,868	4,448	790	10,398	6,220	43,361	6,792	87,877
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 15,902</u>	<u>\$ 4,448</u>	<u>\$ 790</u>	<u>\$ 10,398</u>	<u>\$ 6,220</u>	<u>\$ 43,361</u>	<u>\$ 9,932</u>	<u>\$ 91,051</u>

**SMITHFIELD TOWNSHIP**  
**MONROE COUNTY, PENNSYLVANIA**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2017**

	Park & Rec. Fund	Community Garden Fund	PLGIT Bond Proceeds Fund	Fairshare Road Improvement Fund	Fees in Lieu of Open Space Fund	Capital Projects Fund	Rivers Edge Bike Park Fund	Total Other Governmental Funds
<b>Revenues</b>								
Interest income	\$ 71	\$ -	\$ 7	\$ 70	\$ 42	\$ 263	\$ 12	\$ 465
Intergovernmental income	-	-	-	-	-	-	16,228	16,228
Donations	15,304	-	-	-	-	-	13,050	28,354
<b>Total revenues</b>	<b>15,375</b>	<b>-</b>	<b>7</b>	<b>70</b>	<b>42</b>	<b>263</b>	<b>29,290</b>	<b>45,047</b>
<b>Other Financing sources</b>								
Interfund operating transfers in	31,000	10,000	-	-	-	42,854	-	83,854
<b>Total other financing sources</b>	<b>31,000</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,854</b>	<b>-</b>	<b>83,854</b>
<b>Total Revenues and Other Financing Sources</b>	<b>46,375</b>	<b>10,000</b>	<b>7</b>	<b>70</b>	<b>42</b>	<b>43,117</b>	<b>29,290</b>	<b>128,901</b>
<b>Expenditures</b>								
Parks and recreation	44,369	-	-	-	-	-	21,950	66,319
Construction costs	-	9,482	-	-	-	-	-	9,482
<b>Total expenditures</b>	<b>44,369</b>	<b>9,482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,950</b>	<b>75,801</b>
<b>Other Financing uses</b>								
Interfund operating transfers out	-	-	-	-	-	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>44,369</b>	<b>9,482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,950</b>	<b>75,801</b>
<b>Net change in fund balances</b>	<b>2,006</b>	<b>518</b>	<b>7</b>	<b>70</b>	<b>42</b>	<b>43,117</b>	<b>7,340</b>	<b>53,100</b>
<b>Fund balances at beginning of year</b>	<b>13,862</b>	<b>3,930</b>	<b>783</b>	<b>10,328</b>	<b>6,178</b>	<b>244</b>	<b>(548)</b>	<b>34,777</b>
<b>Fund balances at end of year</b>	<b>\$ 15,868</b>	<b>\$ 4,448</b>	<b>\$ 790</b>	<b>\$ 10,398</b>	<b>\$ 6,220</b>	<b>\$ 43,361</b>	<b>\$ 6,792</b>	<b>\$ 87,877</b>