

**2017 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

480545 LOWER NAZARETH TWP, NORTHAMPTON COUNTY



BALANCE SHEET

DCED-CLGS-30 (08-09)

LOWER NAZARETH TWP, NORTHAMPTON County

BALANCE SHEET

December 31, 2017

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		Trust and Agency	General Fixed Assets	
Assets and Other Debits										
100-120 Cash and Investments	1,616,019	2,502,949	3,353,353		170,270		3,051,035			10,693,626
140-144 Tax Receivable										
121-129, 145-149 Accounts Receivable (excluding taxes)										
130.00 Due From Other Funds	2,250		81							2,331
131-139, 150-159 Other Current Assets										
160-169 Fixed Assets					23,302			9,617,402		9,640,704
180-189 Other Debits	13								200,998	201,011
Total Assets and Other Debits	1,618,282	2,502,949	3,353,434		193,572		3,051,035	9,617,402	200,998	20,537,672

Liabilities and Other Credits	
210-229 Payroll Taxes and Other Payroll Withholdings	
200-209, 231-239 All Other Current Liabilities	
230.00 Due To Other Funds	2,331
	2,331

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

	Governmental Funds					Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency		
	2,069	5,115	10,633		142		307,468	325,427	
	129,735				49,543			179,278	
Total Interest, Rents and Royalties	131,804	5,115	10,633		49,685		307,468	504,705	

REVENUES

Interest, Rents and Royalties	
341.00	Interest Earnings
342.00	Rents and Royalties
	Total Interest, Rents and Royalties
Federal	
351.03	Highways and Streets
351.09	Community Development
351.00	All Other Federal Capital and Operating Grants
352.01	National Forest
352.00	All Other Federal Shared Revenue and Entitlements
353.00	Federal Payments in Lieu of Taxes
	Total Federal

State	
354.03	Highways and Streets
354.09	Community Development
354.15	Recycling / Act 101
354.00	All Other State Capital and Operating Grants
355.01	Public Utility Realty Tax (PURTA)
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback
355.04	Alcoholic Beverage Licenses
355.05	General Municipal Pension System State Aid
355.07	Foreign Fire Insurance Tax Distribution
355.08	Local Share Assessment/Gaming Proceeds
355.09	Marcellus Shale Impact Fee Distribution

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise		

REVENUES

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
	133,497	258,589					392,086	
	Total State							

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
	Total Local Government Units							

Charges for Service							
361.00	62,519						62,519
362.00	80,245						80,245
363.20							
363.00	387	43,916					44,303
364.10		4,830					4,830
364.30							
364.60		31,730					31,730
364.00			2,165				2,165
365.00							
366.00							
367.00	14,473	147,802					162,275
368.00							

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service					2,165		
	Total Charges for Service	157,624	31,730	196,548				388,067

Unclassified Operating Revenues								
383.00	Special Assessments		46,842					46,842
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors							
388.00	Fiduciary Fund Pension Contributions						115,000	115,000
389.00	All Other Unclassified Operating Revenues				2			2
	Total Unclassified Operating Revenues		46,842		2		115,000	161,844

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition			19,171				19,171
392.00	Interfund Operating Transfers			723,534		63,251		786,785
393.00	Proceeds of General Long-Term Debt					166,000		166,000
394.00	Proceeds of Short Term-Debt							

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	23,713						23,713
	Total Other Financing Sources	23,713	742,705	229,251				995,669

TOTAL REVENUES	4,790,047	342,276	949,888	229,251	51,850	422,468		6,785,780
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	12,500						12,500
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	8,290						8,290
403.00	Tax Collection	5,555						5,555
404.00	Solicitor / Legal Services	29,429						29,429
405.00	Secretary / Clerk	337,184						337,184
406.00	Other General Government Administration	62,471	32,551		10			95,032
407.00	IT-Networking Services-Data Processing	20,961	17,145					38,106
408.00	Engineering Services	17,585	24,080		2,334			43,999
409.00	General Government Buildings and Plant	50,067	58,846					108,913
	Total General Government	544,042	132,622		2,344			679,008

Public Safety								
410.00	Police	1,318,130						1,318,130
411.00	Fire	399,826	142,109					541,935
412.00	Ambulance / Rescue	30,220						30,220
413.00	UCC and Code Enforcement	69,850						69,850

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

EXPENDITURES

Public Safety								
414.00	Planning and Zoning	55,465						55,465
415.00	Emergency Management and Communications	2,400						2,400
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety	150						150
	Total Public Safety	1,876,041		142,109				2,018,150

Health and Human Services								
420.00-425.00	Health and Human Services							
	Total Health and Human Services							

Public Works - Sanitation								
426.00	Recycling Collection and Disposal	27,948	43			24,968		52,959
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection	8,960				303		9,263
	Total Public Works - Sanitation	36,908	43			25,271		62,222

Public Works - Highways and Streets								
430.00	General Services - Administration	511,757		166,000				677,757
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance - Snow Removal	43,751						43,751
433.00	Traffic Control Devices	10,847		8,647				19,494
434.00	Street Lighting	3,539						3,539

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise		

EXPENDITURES

	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
Public Works - Highways and Streets								
435.00 Sidewalks and Crosswalks								
436.00 Storm Sewers and Drains								
437.00 Repairs of Tools and Machinery	68,968							68,968
438.00 Maintenance and Repairs of Roads and Bridges	12,864	16,781	21,801					51,446
439.00 Highway Construction and Rebuilding Projects	3,121	351,396	18,467					372,984
Total Public Works - Highways and Streets	654,847	368,177	214,915					1,237,939

	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
Other Public Works Enterprises								
440.00 Airports								
441.00 Cemeteries								
442.00 Electric System								
443.00 Gas System								
444.00 Markets								
445.00 Parking								
446.00 Storm Water and Flood Control								
447.00 Transit System								
448.00 Water System								
449.00 Water Transport and Terminals								
Total Other Public Works Enterprises								

	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
Culture and Recreation								
451.00 Culture-Recreation Administration								
452.00 Participant Recreation	35,929							35,929
453.00 Spectator Recreation								
454.00 Parks	7,913		87,902					95,815

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise		

EXPENDITURES

Employer Paid Benefits and Withholding Items	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
484.00 Worker Compensation Insurance	28,922							28,922
487.00 Other Group Insurance Benefits	284,510							284,510
Total Employer Paid Benefits and Withholding Items	499,932							499,932

Insurance	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
486.00 Insurance, Casualty, and Surety	63,251							63,251
Total Insurance	63,251							63,251

Unclassified Operating Expenditures	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
488.00 Fiduciary Fund Benefits and Refunds Paid							62,302	62,302
489.00 All Other Unclassified Expenditures							16,872	16,872
Total Unclassified Operating Expenditures							79,174	79,174

Other Financing Uses	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Memorandum Only
491.00 Refund of Prior Year Revenues								
492.00 Interfund Operating Transfers	557,534		63,251	166,000				786,785
493.00 All Other Financing Uses								
Total Other Financing Uses	557,534		63,251	166,000				786,785

TOTAL EXPENDITURES	4,372,787	388,220	640,799	229,251	27,615		79,174	5,717,846
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	417,260	-25,944	309,089		24,235		343,294	1,067,934
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LOWER NAZARETH TWP

December 31, 2017

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES
Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Revenue Bonds and Notes											
Lease Rental Debt											
Equipment Lease	Capital Leases	2013	2017	59,897	12,301		12,301		0		0
Truck Lease	Capital Leases	2015	2019	72,006	43,194		14,070		29,124		29,124
Truck Lease	Capital Leases	2016	2020	51,633	40,800				40,800		40,800
Equipment Lease	Capital Leases	2017	2021	166,000	0	166,000	34,926		131,074		131,074
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

0

Capitalized lease obligations

200,998

Net debt

200,998

LOWER NAZARETH TWP, NORTHAMPTON County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	171,362		171,362
Gas System			
General Government	49,606		49,606
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	180,623		180,623
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	401,591		401,591

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

896,771

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Alan C. France Appointed Auditor/CPA

December 31, 2017

NOTES / COMMENTS

FRANCE, ANDERSON, BASILE and COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Emmaus, Pennsylvania 18049

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INDEPENDENT AUDITORS' REPORT

Governing Body of the Municipality
President Judge of the Court of Common Pleas
Secretary of the Department of Community and Economic Development

We have audited the accompanying 2017 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Lower Nazareth Township, Northampton County, Pennsylvania, which comprises the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statement of Capital Expenditures and Employee Compensation as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania, Department of Community & Economic Development (DCED). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 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 Township'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Lower Nazareth Township, Northampton County, Pennsylvania, as of December 31, 2017, and the respective cash receipts and disbursements for the year then ended, in accordance with the financial reporting provisions of the DCED.

Basis of Accounting

The financial statements are prepared on the basis of the financial reporting provisions of the Commonwealth of Pennsylvania, Department of Community & Economic Development, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DCED. Our opinion is not modified with respect to that matter.

Restriction of Use

This report is intended solely for the information and use of management, Board of Supervisors, others within Lower Nazareth Township, Northampton County, Pennsylvania, and the Commonwealth of Pennsylvania, Department of Community and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

Francis, Anderson, Biele and Company, P.C.

Emmaus, PA
March 13, 2018