

**HOPEWELL TOWNSHIP  
ALIQUIPPA, PENNSYLVANIA  
DECEMBER 31, 2008**

**AUDIT REPORT**

**HOPEWELL TOWNSHIP**  
**ALIQUIPPA, PENNSYLVANIA**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Hopewell Township  
1700 Clark Boulevard  
Aliquippa, Pennsylvania 15001-4298

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hopewell Township, as of and for the year ended December 31, 2008, which collectively comprise Hopewell Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hopewell Township's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audits were limited, because we did not audit the Police Pension accounts of Hopewell Township. The financial statements referred to above do not include financial data of the Police Pension accounts and, accordingly, we do not express an opinion on the Police Pension accounts.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hopewell Township, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i to xviii and the budgetary comparison information on page 12, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hopewell Township's basic financial statements. The combining and individual non-major fund financial statements, beginning on page 34, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**COTTRILL, ARBUTINA & ASSOCIATES, P.C.**

*Certified Public Accountants*

*Cottrill, Arbutina & Associates, P.C.*

New Brighton, PA 15066

April 15, 2009

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
**DECEMBER 31, 2008**

**Required Supplementary Information (RSI)**

The discussion and analysis of Hopewell Township's financial performance provides a narrative overview of the Township's financial activities and performance for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD & A.

**FINANCIAL HIGHLIGHTS**

- The Township's adjusted overall net assets increased by \$43,598 (less than 1%). The governmental net assets increased by \$67,487 (or 2%) and the adjusted business-type net assets decreased by \$23,889 (or 0.8%).
- The General Fund (the primary operating fund), reflected on a current financial resource basis, reports a decrease in fund balance of \$126,263 compared to an increase of \$48,127 in 2007.
- The December 31, 2008 net outstanding debt of the Township was \$12,644,758. This represented a decrease of \$574,004 from the same date in 2007.

**USING THE ANNUAL FINANCIAL AUDIT REPORT**

The annual financial audit report consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Hopewell Township as an entire operating entity.

The first two statements are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These statements are intended to provide readers with a broad overview of the Township's finances. The statement of net assets presents information on all of the Township's assets and liabilities. The difference between the Township's assets and liabilities is reported as the Township's net assets. An increase or decrease in net assets is a financial indicator that, if tracked over a period of time, can be a measure of the financial condition of the Township. To assess the overall health of the Township, you need to consider additional non-financial factors, such as changes in the Township's property tax base and the

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
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services provided to the residents. The statement of activities provides information on how the Township's net assets have changed during the year. The changes in net assets are reported immediately when the underlying event giving rise to the change occurs, regardless of the timing of the actual cash receipt or disbursement related to the event. Because of this, some items may be reported in the statement of activities that will result in cash flows to the Township at some future date. For example, taxes that are levied but not yet collected at year-end are included in the statement of activities.

It is customary to distinguish between governmental activities and business-type activities in the government-wide financial statements. Governmental activities are those Township functions that are supported primarily by tax dollars and intergovernmental revenues. Governmental activities commonly include services such as administration, police, fire, public works and recreation. Business-type activities are those that are funded through fees and charges. These activities would include municipal services such as solid waste collection, sewage treatment, public water or other municipality-owned utilities. Hopewell Township provides sewage treatment to its residents and it bills its customers for this service. Therefore, the government-wide financial statements include information on both governmental and business-type activities.

The government-wide financial statements are required to include financial information on the primary governmental unit and on any other component unit for which the primary governmental unit is financially responsible. For example, a Township (the primary governmental unit) would include a water authority as a component unit if the Township established the user rates and guaranteed the authority's bonds. Hopewell Township is not responsible for other organizations and, therefore, no information on component units is included in its financial statements.

The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the government-wide statements. A "fund" is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Certain funds are required to exist to comply with the requirements of the Commonwealth of Pennsylvania. The funds used by Hopewell Township are divided into three general categories: governmental funds, proprietary funds and fiduciary funds. Governmental funds are used to account for the same types of functions reported as "governmental activities" in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund statements focus on near-term financial activities. Governmental fund statements report information on revenues and expenditures throughout the year as well as the balances of available resources at the end of the year. This provides the reader of the financial statements with information to evaluate the Township's short-term financial activities. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash in a short period of time. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. For Hopewell Township, the Police Pension Fund is a fiduciary fund. However, the pension fund was not included in the scope of this audit and this fund is not included in this report.

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
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The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

By viewing information contained in the government-wide financial statements in conjunction with information contained in the governmental fund statements, the reader can gain an appreciation of the impact of near-term financial activities on the long-term financial condition of the Township. The financial statements include reconciliations (pages 6 and 8) to facilitate the comparison between governmental funds and governmental activities.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1  
Required Components of the  
Hopewell Township  
Financial Report

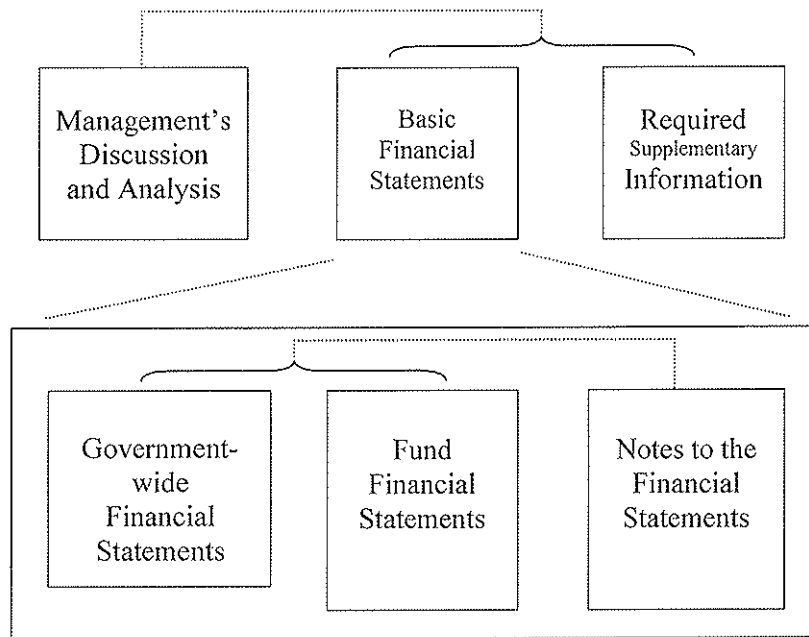


Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
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Figure A-2  
Major Features of Hopewell Township's  
Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary, such as public safety, general government and public works	Activities the Township operates similar to private business – Sewer Fund	Not Presented
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Not Presented
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Not Presented
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	Not Presented
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	Not Presented

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
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**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

The following table reflects the condensed Statement of Net Assets compared to the prior year.

Table A-1  
Fiscal Year ended December 31, 2008  
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 1,428,950	\$ 1,603,277	\$ 1,529,901	\$ 1,943,033	\$ 2,958,851	\$ 3,546,310
Capital assets	3,854,930	3,721,638	12,770,359	12,785,351	16,625,289	16,506,989
Other noncurrent assets	54,925	61,870	274,435	277,466	329,360	339,336
Total assets	<u>\$ 5,338,805</u>	<u>\$ 5,386,785</u>	<u>\$ 14,574,695</u>	<u>\$ 15,005,850</u>	<u>\$ 19,913,500</u>	<u>\$ 20,392,635</u>
Current and other liabilities	\$ 427,015	\$ 853,408	\$ 490,460	\$ 596,763	\$ 917,475	\$ 1,450,171
Long-term liabilities	1,647,827	1,336,901	10,980,459	11,281,422	12,628,286	12,618,323
Total liabilities	<u>\$ 2,074,842</u>	<u>\$ 2,190,309</u>	<u>\$ 11,470,919</u>	<u>\$ 11,878,185</u>	<u>\$ 13,545,761</u>	<u>\$ 14,068,494</u>
Net assets						
Invested in capital assets, net of related debt	\$ 2,000,608	\$ 2,205,255	\$ 1,488,937	\$ 1,082,972	\$ 3,489,545	\$ 3,288,227
Restricted for:						
Special Revenue Fund	91,146	43,065	0	0	91,146	43,065
Unrestricted	<u>1,172,209</u>	<u>948,156</u>	<u>1,614,839</u>	<u>2,044,693</u>	<u>2,787,048</u>	<u>2,992,849</u>
Total net assets	<u>\$ 3,263,963</u>	<u>\$ 3,196,476</u>	<u>\$ 3,103,776</u>	<u>\$ 3,127,665</u>	<u>\$ 6,367,739</u>	<u>\$ 6,324,141</u>

At December 31, 2008, Hopewell Township's total assets were \$19,913,500. Of this amount, \$16,625,289 is accounted for by capital assets, which includes some items of infrastructure and construction in progress related to sewer projects. Total assets as of December 31, 2007 were \$20,392,635.

Historically, infrastructure assets (roads, bridges, storm sewers, etc) were not reported or depreciated in governmental financial statements. However, GASB 34 required all capital assets, including infrastructure assets, to be valued and reported within the governmental activities column of the government-wide financial statements. Prospective reporting of infrastructure assets is allowed under GASB 34 for smaller municipalities. Hopewell Township elected to report on infrastructure on a prospective basis and began doing so in 2004.

**HOPEWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**DECEMBER 31, 2008**

As noted above, most of the Township's net assets are invested in capital assets (buildings, land, infrastructure and equipment). The remaining net assets are comprised of restricted and unrestricted amounts. The restricted balance represents amounts generated for specific purpose funds (State Liquid Fuels monies). A portion of the unrestricted balance includes amounts that have been earmarked by Township management for future capital projects.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 4. All ordinary expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented in the next three columns to determine the final amount of the Township's activities that are supported by other general revenues. The largest general revenues are the local taxes assessed to Township taxpayers.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues and expenses compared to the prior year.

Table A-2  
Fiscal Years ended December 31, 2008 and 2007  
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 820,553	\$ 885,382	\$ 2,439,427	\$ 2,466,472	\$ 3,259,980	\$ 3,351,854
Operating grants and contributions	579,567	479,953	57,994	47,632	637,561	527,585
Capital grants and contributions	20,652	0	0	0	20,652	0
General revenues:						
Property taxes	1,611,318	1,775,373	0	0	1,611,318	1,775,373
Other taxes	1,570,196	1,718,719	0	0	1,570,196	1,718,719
Other	<u>293,773</u>	<u>372,724</u>	<u>55,086</u>	<u>32,947</u>	<u>348,859</u>	<u>405,671</u>
Total revenues	<u>\$ 4,896,059</u>	<u>\$ 5,232,151</u>	<u>\$ 2,552,507</u>	<u>\$ 2,547,051</u>	<u>\$ 7,448,566</u>	<u>\$ 7,779,202</u>

## HOPEWELL TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

DECEMBER 31, 2008

Table A-2 – Continued

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>EXPENSES</b>						
General Government	\$ 540,621	\$ 457,166	\$ 0	\$ 0	\$ 540,621	\$ 457,166
Public Safety	1,711,482	1,739,556	0	0	1,711,482	1,739,556
Public Works - Sanitation	557,542	544,824	0	0	557,542	544,824
Public Works - Highways	974,299	840,415	0	0	974,299	840,415
Culture-Recreation	236,652	244,046	0	0	236,652	244,046
Interest on long-term debt	51,575	57,486	0	0	51,575	57,486
Unallocated amortization	6,945	6,734	0	0	6,945	6,734
Unallocated Employee Benefits	737,238	669,088	0	0	737,238	669,088
Miscellaneous	12,218	16,887	0	0	12,218	16,887
Sewer System	0	0	2,576,396	2,571,071	2,576,396	2,571,071
Total expenses	<u>\$ 4,828,572</u>	<u>\$ 4,576,202</u>	<u>\$ 2,576,396</u>	<u>\$ 2,571,071</u>	<u>\$ 7,404,968</u>	<u>\$ 7,147,273</u>
Increase (decrease) in net assets	<u>\$ 67,487</u>	<u>\$ 655,949</u>	<u>\$ (23,889)</u>	<u>\$ (24,020)</u>	<u>\$ 43,598</u>	<u>\$ 631,929</u>

#### Revenue Sources:

Total government-wide revenues of \$7,448,566 were derived primarily from taxes. In 2008, Hopewell Township earned \$3,181,514 in taxes compared to \$3,494,092 in 2007. Tax revenues accounted for 65% and 67% of total revenues in 2008 and 2007, respectively. Of the taxes levied, the real estate tax and the earned income tax are the most significant. In 2008, Real estate tax accounted for \$1,611,318 or 51% of the taxes levied for general government purposes compared to \$1,775,373 or 49% in 2007. The real estate tax is levied on the assessed value of real estate located in the Township. The assessed valuation of taxable property in the Township in 2008 was \$ 159,771,930 compared to \$158,706,005 in 2007. In 2008 and 2007, an 11 mills tax (1.1%) was levied for total governmental purposes. The lower revenues for real estate taxes in 2008 compared to 2007 was due to adjustments made based on updated information received from Beaver County regarding taxes receivable for outstanding delinquent balances.

Earned income tax accounted for \$1,227,129 or 39% of the taxes levied for general government purposes compared to \$1,270,950 in 2007. The earned income tax is a one-half percent (0.5%) tax levied on wages earned by residents of the Township. Revenue from Local Services Tax (LST) declined by approximately \$100,000 from 2007. This decline appears to be related to the legislation that changed the employers' method of withholding and remitting this tax to the Township in 2008. Typically, the annual amount of \$52 was withheld and remitted once per year in 2007. In 2008, the annual amount is withheld at a rate of \$1 per week for 52 weeks.

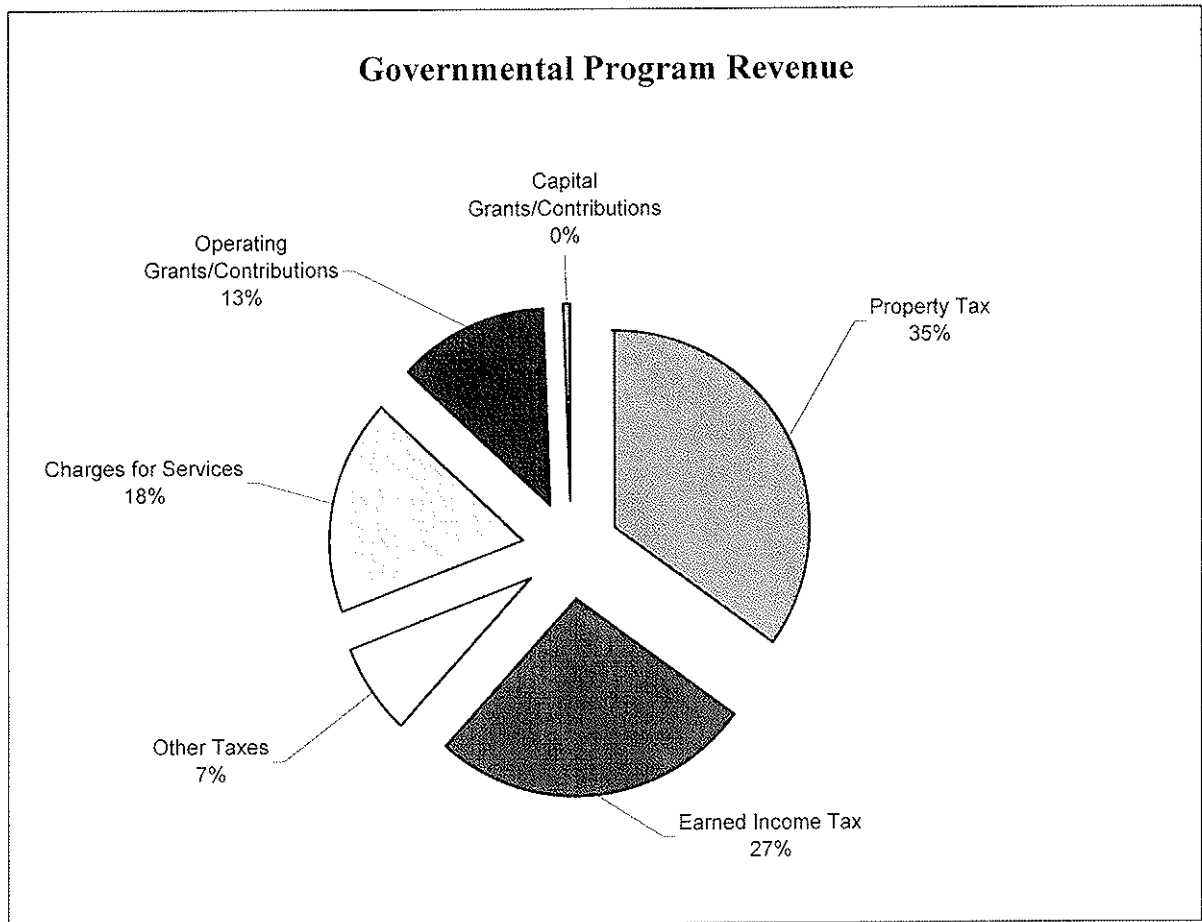
**HOPEWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**DECEMBER 31, 2008**

Charges for Services are amounts received by the Township for services provided to others including garbage collection, wage tax collection service provided to the school district, contracted police services, and recreation fees. Revenue for these services decreased from \$885,382 in 2007 to \$820,553 in 2008. The decrease in 2008 was mostly due to lower contracted police services provided to third parties.

The following chart graphically depicts the government-wide sources of governmental activities revenue for the fiscal year ended December 31, 2008:



**Program Expenses:**

Program expenses reflect the delivery of a wide range of services by the Township to its residents with the largest portion of the expenditures being for public safety (36%). Other significant areas of program expenses include public works-roads (20%) which represents the cost of road maintenance and repair and employee benefits and insurance (15%) representing the costs of fringe benefits provided to Township employees working in all departments.

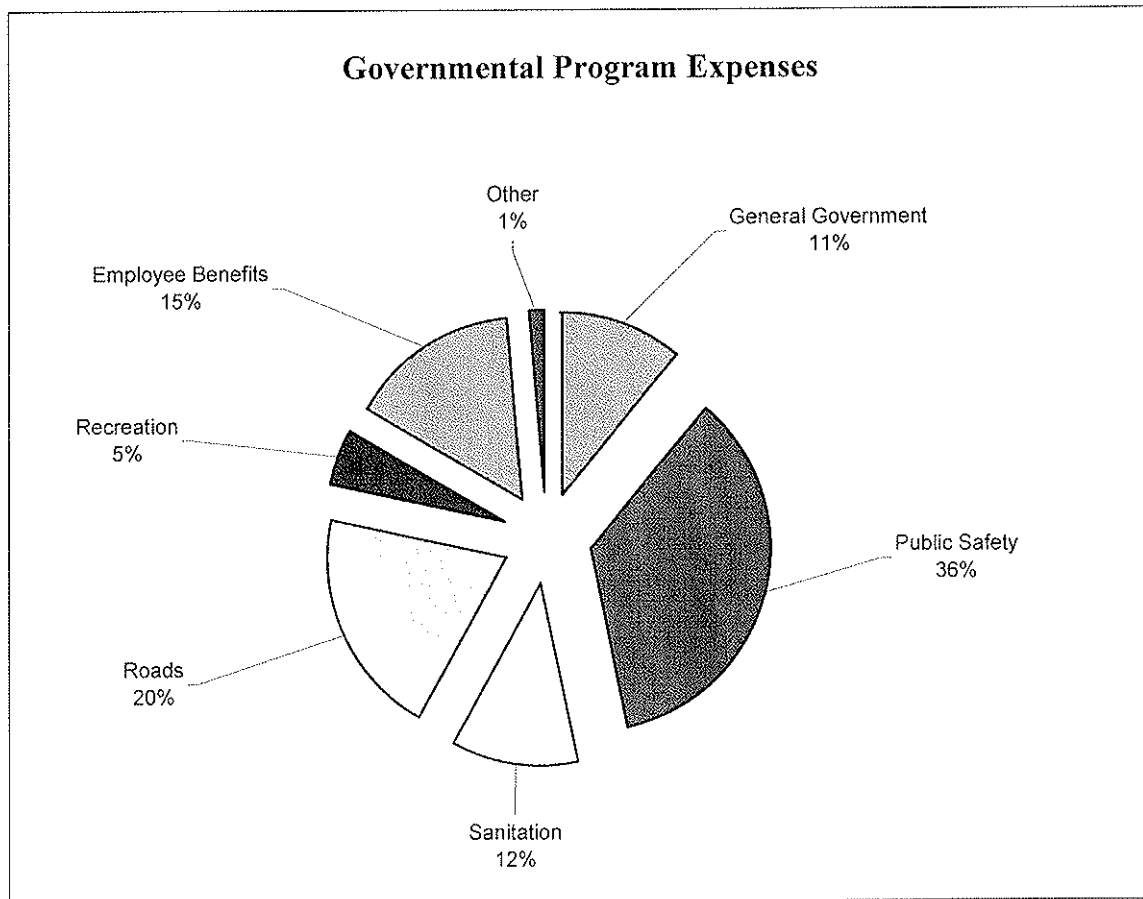
**HOPEWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**DECEMBER 31, 2008**

Total Expenses for all governmental activity programs in 2008 was \$4,828,572, which represented an increase of \$252,370 over the \$4,576,202 recognized in 2007. The increase primarily reflects increased expenses in public works-roads (personnel and repairs) and employee benefits.

The following chart graphically depicts the government-wide expenditures for various programs of governmental activities for the fiscal year ended December 31, 2008:



The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the Township.

Table A-3 shows the Township's major functions as well as each program's net cost (total cost less revenues generated by the activities of the function). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**HOPEWELL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**DECEMBER 31, 2008**

Table A-3  
Fiscal Years ended December 31, 2008 and 2007  
Governmental Activities

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General Government	\$ 540,621	\$ 457,166	\$ 389,081	\$ 246,141
Public Safety	1,711,482	1,739,556	1,432,500	1,509,014
Public Works - Sanitation	557,542	544,824	(85,012)	(72,563)
Public Works - Highways	974,299	840,415	658,405	560,165
Culture-Recreation	236,652	244,046	204,850	217,915
Interest on long-term debt	51,575	57,486	51,575	57,486
Unallocated Employee Benefits	737,238	669,088	737,238	669,088
Unallocated amortization	6,945	6,734	6,945	6,734
Miscellaneous	12,218	16,887	12,218	16,887
Total governmental activities	<u>\$ 4,828,572</u>	<u>\$ 4,576,202</u>	\$ 3,407,800	\$ 3,210,867
Less:				
Unrestricted grants, subsidies			0	0
Total needs from local taxes and other revenues			<u>\$ 3,407,800</u>	<u>\$ 3,210,867</u>

Table A-4 reflects the activities of the Sewer System, the only Business-type activity of the Township.

Table A-4  
Fiscal Years ended December 31, 2008 and 2007  
Business-type Activities

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Sewer System	\$ 2,576,396	\$ 2,571,071	\$ 78,975	\$ 104,599
Less:				
Operating Grants and Contributions			0	47,632
Investment Earnings			2,712	6,753
Interfund Transfers			(2,700)	0
Refund of Prior Year Expenses			43,874	0
Other			11,200	26,194
Total Business-type Activities			<u>\$ 23,889</u>	<u>\$ 24,020</u>

## HOPEWELL TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

DECEMBER 31, 2008

The cost of services for the sewer fund in 2008 was very comparable to 2007. Refund of prior year expenses of \$43,874 includes \$13,367 received by the Township for excess workers' compensation premiums paid in prior years. In addition, this amount includes \$29,060 received related to excess funds from the 1963 and 1984 Bond Issues for which the Township previously placed funds in escrow to satisfy future debt service payments after these bonds were refinanced. Other revenue represents \$11,200 for the sale of timber.

The Statement of Revenues, Expenses and Changes in Fund Net Assets for this proprietary fund will further detail the actual results of operations.

#### THE TOWNSHIP FUNDS

At December 31, 2008, the Township's governmental funds reported a combined fund balance of \$1,035,079, which is a decrease of \$56,168 from 2007. Of the combined total fund balance, \$438,309 (42%) represents unrestricted/undesignated general fund balance, meaning that these funds are available to meet the Township's current or future needs. Fund balance of \$91,146 is classified as restricted because this represents the remaining funds in the State Fund (State Liquid Fuels monies) that are restricted to be used only for highway and road related expenditures. Fund balance of \$505,624 is unrestricted but has been designated by the board of supervisors to be used specifically for future capital projects of the Township.

#### General Fund Budget

A schedule showing the Township's annual budget amounts compared with amounts actually paid and received is provided on Page 12. The Township's general fund revenues fell below budgeted revenues by \$183,336 or approximately 4%. This variance is largely attributable to lower than expected government grants. The Township applies for federal, state, and local grants and the success of these application efforts and the amount and timing of these grants cannot always be anticipated in the budgeting process.

General fund expenditures were \$250,395 (5%) higher than budgeted. This variance was mostly due to higher than anticipated costs for road paving projects.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### CAPITAL ASSETS

At December 31, 2008, the Township had \$16,625,289 invested in a broad range of capital assets, including land, buildings and furniture and equipment.

**HOPEWELL TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**  
**DECEMBER 31, 2008**

Table A-5  
Capital assets - net of depreciation

	2008
Land	\$ 1,576,038
Building and Improvements	9,657,734
Equipment and Vehicles	662,492
Infrastructure	4,166,878
Construction in Progress	562,147
Total	\$16,625,289

**DEBT ADMINISTRATION**

As of January 1, 2008, the Township had total outstanding bonds payable of \$6,505,000. During the year, the Township made scheduled payments against bond principal of \$220,000, resulting in outstanding bonds payable of \$6,285,000 as of December 31, 2008.

As of January 1, 2008, the Township had total outstanding notes payable of \$6,667,379 related to financing for sewer construction projects. The Township made scheduled principal payments against notes payable of \$365,957 resulting in outstanding bond debt of \$6,301,422 as of December 31, 2008.

Other obligations include outstanding capital leases of \$58,336 and accrued vacation pay and sick leave for specific employees of the Township.

More detailed information about our long-term liabilities is included in Notes 7 through 12 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

It is the Township's plan that the future developments discussed below will offset the increases in costs that the Township may incur due to normal inflation. Management holds the rights to review possible future sewer rate and tax increases to offset future costs for the maintenance of roads and sewer plants.

The General Fund revenue budget for 2009 is \$4,735,777, which is \$142,171 less than the revenue budget for 2008. This represents a 3% decrease in budgeted revenues when compared to the previous year. The General Fund expenditure budget for the 2009 year is \$4,883,777, which is \$200,171 less than the budget for 2008 or a 4% decrease in expenses compared to the previous year.

In addition to the General Fund, the Township has budgeted \$2,757,500 in revenues and \$2,859,100 in expenditures from its Sewer Fund in 2009. Hopewell Township for 2009 has ancillary budgets of \$311,739 out of its General Capital Reserve Fund for road improvements and debt service, \$161,738 out of its Park Fund for land acquisition, \$402,662 out of its State Fund for street

**HOPEWELL TOWNSHIP**  
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lighting, winter maintenance and road repair, and \$1,281,000 out of its Sewer Construction Fund for Sewer Plant repair, and construction.

In 2008, the Township implemented an online bill payment process on its website for the collection of refuse and sewer accounts. The implementation of this process has assisted the Township in its efforts to collect its current and delinquent accounts receivables as well as providing a time saving service to the Township's residents. The website also offers the residents the ability to pay numerous Township fees by credit or debit card. Residents also have the ability to pay by credit card in person, or over the phone. All current financial reports and budgets are also available on the internet for residential viewing and downloading.

In 2009 Hopewell Township eliminated its third party collector for the collection of its sewer and refuse accounts, and has implemented an in-house collection system. The implementation of collecting delinquent accounts in-house will provide a more efficient and cost saving benefit to the Township in future collection of delinquent accounts. The General Administration operation is approximately 80% of all its accounting functions. The Township expects the paperless environment to provide its general administration cost savings, increased productivity, and workflow efficiency. The Township has entered into a cooperative agreement with P.T.I. (Pittsburgh Technical Institute) on creating a marketing plan for the Township. P.T.I. has put this project into their curriculum as part of its Marketing curriculum. The Township also has cooperative agreement with Penn State University Beaver Campus in developing, creating and implementing information technology systems within the Township.

In 2010 Hopewell Township plans to implement the ability for the residents to receive electronic bills for refuse and sewer usage. The Township also plans to implement an email alert system so that residents can sign up and customize emails they would want to receive from the Township. An intranet system is also planned to be implemented for internal use by employees and officials. In 2010, the Township also plans to install township phone system that will allow the Township to send out mass callings that will include general Township information and emergency alerts to the residents.

With economic and financial problems continuing during 2007 and 2008, building activities fell off in 2008 but remained at a comparable scale in value to that of previous years. In short, Hopewell Township remained busy. Several new plans, both commercial and residential, continued and started new construction activities. There has also been reinvestment in existing plans and structures to meet changing uses. Construction activities in Hopewell Township have remained slow at times but relatively constant during 2008 and the forecast for 2009 should follow a similar trend.

Hopewell Township issued Seventy (70) Building Permits for new construction during 2008 as compared to One-Hundred Permits during 2007. During 2007, the PA Uniform Construction Code was adopted and directed that building permits for sheds and garages under one-thousand square feet, carports, greenhouses and similar structures, decks less than thirty inches above grade and fences would not require the issuance of building permits. Consequently, Hopewell Township began issuing Zoning Permits for such construction.

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Twenty-one (21) single family dwelling units were permitted during 2008 at the following locations.

**Maronda Homes, Inc. Sweet Brier Plan, Sohn Road, Phase I.**

Ten (10) Homes Constructed.	Total Construction Cost:	\$1,642,801
	Ave. Home Construction Cost:	\$164,280

**Other locations throughout the Township.**

Five (5) Homes Constructed.	Total Construction Cost:	\$1,176,765
	Ave. Home Construction Cost:	\$235,353

**Multi Family Homes, Wm. Minton & Sons, The Village at Beaver Lakes.**

Four (4) Unit Carriage Home.	Total Construction Cost:	\$840,000
	Ave. Unit Cost:	\$210,000

**Mobile Homes, Suburban Terrace Mobile Home Park & Independence Road**

Two (2) Dwelling Units.	Total Construction Cost:	\$99,000
	Ave. Unit Cost:	\$49,500

The total construction cost for new housing (19 units) construction (excluding mobile units) permitted in 2008 was **\$3,659,566**.

**Residential Additions to Existing Housing**

There were twenty (20) permits issued for additions to existing homes in various locations throughout the Township. Total construction cost for these additions was \$366,739.

Total 2008 Residential Construction Cost for new homes and additions to existing homes was \$4,026,305.

**Residential Miscellaneous Construction**

There were fifteen (15) permits issued for miscellaneous building projects including interior alterations, fire suppression systems, electrical installations and deck additions. Total construction costs for these projects were \$51,800.

**Residential Construction for Detached Garages & Out Buildings**

There were three (3) permits issued for the construction of out building and detached garages at a total cost of \$78,100.

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**Residential Construction for Accessory Uses**

There were five (5) permits issued for accessory-use construction including above and below ground swimming pools at a total cost of \$51,300.

**Residential Demolitions**

One (1) Single Family Home was permitted and demolished at 2611 Marian Street.

**Commercial Building Construction**

Six (6) Construction projects involving Commercial Buildings were completed:

1. Tri-State Maintenance 678 Independence Road	Addition of Pole Bldg. Shed \$35,000
2. Beaver Lakes Country Club 2000 Beaver Lakes Blvd.	Accessory Building \$16,500
3. The Fez 2312 Brodhead Road	Facade Renovation \$16,500
4. George Vedro 2470 Brodhead Road	Canopy \$3500
5. American Tower 1000 Tank Road	Tower Upgrades \$45,000
6. McDonald's 3003 Heights Road	Interior renovations \$60,000

**Commercial Demolitions**

1. Quickfill Gas Station, Green Garden Plaza.
2. Shadow Lakes Country Club, Beaver Lakes Blvd., First floor interior.

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**2008 SUBDIVISIONS & LAND DEVELOPMENT**

**SUBDIVISION PLANS**

1. Passavant Homes, Johnson Street.
2. Helbing Barlion Lot Consolidation, Kane Road.
3. Miller Lot Consolidation, James Street,
4. Tomei Subdivision Plan, Johnson Street.
5. Clairmont Manor Subdivision Plan, Brodhead Road.
6. Hopewell Schools Subdivision Plan, Longvue Avenue.
7. Skyview Subdivision Plan, Eldorado Drive.
8. Hineman Subdivision Plan, Heights Road.
9. BCCED Subdivision Plan, RT 151 / Gringo Road.

**LAND DEVELOPMENT PLANS**

1. Youth Baseball Complex, Kane Road Fields.
2. Beaver County Corporation for Economic Development, Hopewell Business and Industrial Park, RT 151 / Gringo Road.

**CONSTRUCTION REPORT COMPARISONS**

McGraw Hill Construction Statistics reports that for the full year 2008, total national construction starts were down 15%, marking the second straight year of reduced contracting after the 7% decline reported in 2007. Excluding residential building, new construction starts for 2008 were up a modest 2%, a decelerating rate of growth for the non-housing project types following gains of 7% in 2007 and 21% in 2006. For 2009, the depressed economy and troubled financial sector will lead to further declines for housing and commercial building, a loss of momentum is also anticipated for the institutional and manufacturing structure types.

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Residential building dropped as the result of declines for both sides of the housing market: single family housing, down 9%; and multifamily housing, down 15% as 2008 progressed, suggesting that the slide for single family housing still has further to go before reaching bottom. The regional pattern for single family housing showed the largest dollar volume decline. The northeast sector was down 29%.

Non-building construction retreated in December 2007. Electric utility construction plunged 42% from the prior month. The public works sector also fell in December 2007 with bridges, down 1%; highways, down 8%; water supply systems down 16%; and river/harbor development, down 44%. The only category showing gains in December 2007 was sewer construction, up 2% and miscellaneous public works (including site work), up 18%.

The weaker construction activity at the national level during 2008 varied from region to region. While the sharpest declines were in the South Atlantic and West, next the Midwest was followed by the Northeast and South Central, down a slight 1%. The Northeast and South Central regions were helped by the start of several unusually large projects during 2008. (Hotel/casinos & oil refineries).

Generally speaking, the national trends and forecasts relate to the permitted activity of Hopewell Township during 2007 & 2008 with residential and commercial construction losing momentum and declining and non-building construction; sewer construction and miscellaneous public works showing slight gains.

Consequently, there are varied exceptions to national construction indexes by locale. For example, as per nonresidential building, a slight increase in December 2007 was sparked by the start of several projects in the educational building category by the groundbreaking for two large science buildings located in University Park, PA (Penn State) with a price tag of \$170 million.

Likewise, construction progress in Hopewell Township from 2007 and 2008 that will continue during 2009 does have some high points. Several projects that have been planned during this time will get underway this year and will provide activity during a down economy.

Industrial district construction highlights overall activities with building in both the Riverfront Industrial District and the Industrial Park District. During 2007 Beaver Valley Slag started construction of two 23,000 square foot Warehouse/Office buildings on Bet-Tech Boulevard at the Riverfront. The first building was completed in 2008. Beaver Valley Slag will be located there, moving its headquarters and operations from Center and Aliquippa. The second building will be available for tenant space and is almost complete. There are plans for two more mirror warehouse/office buildings to be constructed. At the riverfront, the Keystone Opportunity Zone area for land development has been expanded for future consideration.

Next, the Hopewell Business & Industrial Park's owners continue to make interior alterations and improvements for tenant spaces. The Beaver County Corporation for Economic Development has completed infrastructure and site improvements for Phase II property and the Selectrode Company will soon start the construction of a new 48,600 sq. ft. Office/Warehouse. Other land

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is available and a large tract in the existing park has been improved by the movement of a storm sewer, making the property more attractive for a large scale building to be constructed.

Further, ongoing renovations for tenant space are occurring at both shopping centers in the Commercial Shopping Center District. Also, the Hopewell School District (HIR) is about to take on renovations, additions and new construction of the Tony Dorsett Stadium Complex at the Hopewell High School on Longvue Avenue. Likewise, the Shadow Lakes Country Club (former Beaver Lakes) is undergoing additions and renovations of the clubhouse including site work upgrades to create expanded banquet facilities.

As per residential construction activity, subdivision lots are available for housing construction at existing plans and new lots are proposed from plans that are currently being reviewed or were processed in 2007 & 2008. Most importantly, the first 4-Unit Carriage Home was completed at Beaver Lakes and the 2<sup>nd</sup> 4-Unit home is under construction. Thirty-two units will be constructed.

Finally, as referred to in the construction reports, nonresidential construction has been ongoing and is nearing completion with the final upgrades to public works projects including the Township's sewer facilities, namely the Raccoon and Wickham Sewer Plants and the McKinley Avenue and King's Mill Manor Pump Stations.

**CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Andy Brunette, Assistant Manager/Finance Administrator at Hopewell Township, 1700 Clark Boulevard, Aliquippa, PA 15001-4298.

**HOPEWELL TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**AS OF DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 1,732,498	\$ 169,040	\$ 1,901,538
Accounts Receivable	271,853	560,152	832,005
Taxes Receivable	181,887	0	181,887
Internal Balances	(783,469)	783,469	0
Other Current Assets	<u>26,181</u>	<u>17,240</u>	<u>43,421</u>
<b>Total Current Assets</b>	<u>\$ 1,428,950</u>	<u>\$ 1,529,901</u>	<u>\$ 2,958,851</u>
<b>Noncurrent Assets</b>			
Land	\$ 1,485,899	\$ 90,139	\$ 1,576,038
Building & Building Improvements (net of depreciation)	495,370	9,162,364	9,657,734
Equipment and Vehicles (net of depreciation)	490,775	171,717	662,492
Infrastructure (net of depreciation)	1,382,886	2,783,992	4,166,878
Construction in Progress	0	562,147	562,147
Debt Issue Costs (net of amortization)	<u>54,925</u>	<u>274,435</u>	<u>329,360</u>
<b>Total Noncurrent Assets</b>	<u>\$ 3,909,855</u>	<u>\$ 13,044,794</u>	<u>\$ 16,954,649</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,338,805</u>	<u>\$ 14,574,695</u>	<u>\$ 19,913,500</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 121,907	\$ 37,620	\$ 159,527
Accrued Salaries and Benefits	55,329	15,764	71,093
Payroll Deductions & Withholdings	4,256	1,206	5,462
Other Current Liabilities	39,028	13,266	52,294
Bonds Payable	170,000	55,000	225,000
Notes Payable	0	367,604	367,604
Leases Payable	<u>36,495</u>	<u>0</u>	<u>36,495</u>
<b>Total Current Liabilities</b>	<u>\$ 427,015</u>	<u>\$ 490,460</u>	<u>\$ 917,475</u>
<b>Noncurrent Liabilities</b>			
Bonds Payable	\$ 1,135,000	\$ 4,925,000	\$ 6,060,000
Notes Payable	0	5,933,818	5,933,818
Leases Payable	21,841	0	21,841
Accumulated Compensated Absences/Retirement Incentives	<u>490,986</u>	<u>121,641</u>	<u>612,627</u>
<b>Total Noncurrent Liabilities</b>	<u>\$ 1,647,827</u>	<u>\$ 10,980,459</u>	<u>\$ 12,628,286</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,074,842</u>	<u>\$ 11,470,919</u>	<u>\$ 13,545,761</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 2,000,608	\$ 1,488,937	\$ 3,489,545
Restricted for:			
Special Revenue Fund	91,146	0	91,146
Unrestricted	<u>1,172,209</u>	<u>1,614,839</u>	<u>2,787,048</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,263,963</u>	<u>\$ 3,103,776</u>	<u>\$ 6,367,739</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,338,805</u>	<u>\$ 14,574,695</u>	<u>\$ 19,913,500</u>

See Accompanying Notes to Financial Statements

**HOPEWELL TOWNSHIP  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2008**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 540,621	\$ 95,133	\$ 56,407	\$ 0	\$ (389,081)	\$ 0	\$ (389,081)
Public Safety	1,711,482	60,359	197,971	20,652	(1,432,500)	0	(1,432,500)
Public Works-Sanitation	557,542	653,259	9,295	0	85,012	0	85,012
Public Works-Highways	974,299	0	315,894	0	(658,405)	0	(658,405)
Culture-Recreation	236,652	31,802	0	0	(204,850)	0	(204,850)
Interest	51,575	0	0	0	(51,575)	0	(51,575)
Unallocated Employee Benefits and Insurance	757,238	0	0	0	(737,238)	0	(737,238)
Miscellaneous	12,218	0	0	0	(12,218)	0	(12,218)
Unallocated Amortization	6,945	0	0	0	(6,945)	0	(6,945)
Total Governmental Activities	\$ 4,828,572	\$ 820,553	\$ 579,567	\$ 20,652	\$ (3,407,800)	\$ 0	\$ (3,407,800)
Business-type Activities:							
Sewer/Wastewater	\$ 2,576,396	\$ 2,439,427	\$ 57,994	\$ 0	\$ 0	\$ (78,975)	\$ (78,975)
Total Business-type Activities	\$ 2,576,396	\$ 2,439,427	\$ 57,994	\$ 0	\$ 0	\$ (78,975)	\$ (78,975)
<b>Total Primary Government</b>	<b>\$ 7,404,968</b>	<b>\$ 3,259,980</b>	<b>\$ 637,561</b>	<b>\$ 20,652</b>	<b>\$ (3,407,800)</b>	<b>\$ (78,975)</b>	<b>\$ (3,486,775)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					\$ 1,611,318	\$ 0	\$ 1,611,318
Other taxes levied for general purposes, net					1,570,196	0	1,570,196
Licenses and permits					155,585	0	155,585
Fines and forfeits					51,503	0	51,503
Interest, rents and royalties					67,078	2,712	69,790
Refunds of prior year expenses/(revenues)					43,919	43,874	87,793
Gain (Loss) on disposal of fixed assets					(27,012)	0	(27,012)
Interfund transfers					2,700	(2,700)	0
Miscellaneous income					0	11,200	11,200
<b>Total general revenues, special items, extraordinary items and transfers</b>					<b>\$ 3,475,287</b>	<b>\$ 55,086</b>	<b>\$ 3,530,373</b>
<b>Change in Net Assets</b>					<b>\$ 67,487</b>	<b>\$ (23,889)</b>	<b>\$ 43,598</b>
<b>Net Assets—Beginning</b>					<b>3,196,476</b>	<b>3,127,665</b>	<b>6,324,141</b>
<b>Net Assets—Ending</b>					<b>\$ 3,263,963</b>	<b>\$ 3,103,776</b>	<b>\$ 6,367,739</b>

See Accompanying Notes to Financial Statements

HOPEWELL TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2008

	<u>General</u>	Sewer Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 321,483	\$ 918,181	\$ 492,834	\$ 1,732,498
Accounts Receivable	271,853	0	0	271,853
Taxes Receivable	181,887	0	0	181,887
Due from other funds	16,216	0	0	16,216
Other Current Assets	26,181	0	0	26,181
Total Assets	<u>\$ 817,620</u>	<u>\$ 918,181</u>	<u>\$ 492,834</u>	<u>\$ 2,228,635</u>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Accounts Payable	\$ 107,347	0	\$ 14,560	\$ 121,907
Accrued Salaries & Benefits	55,329	0	0	55,329
Payroll Deductions & Withholdings	4,256	0	0	4,256
Due to other funds	0	799,685	0	799,685
Deferred Revenue - Real Estate Taxes	173,351	0	0	173,351
Other Current Liabilities	<u>39,028</u>	<u>0</u>	<u>0</u>	<u>39,028</u>
Total Liabilities	<u>\$ 379,311</u>	<u>\$ 799,685</u>	<u>\$ 14,560</u>	<u>\$ 1,193,556</u>
<u>Fund Balances</u>				
Unreserved, reported in:				
General Fund	\$ 438,309	0	0	\$ 438,309
Sewer Capital Projects Fund	0	118,496	0	118,496
Parks Capital Projects Fund	0	0	88,137	88,137
General Capital Projects Fund	0	0	298,991	298,991
Restricted - State Fund	<u>0</u>	<u>0</u>	<u>91,146</u>	<u>91,146</u>
Total Fund Balances	<u>\$ 438,309</u>	<u>\$ 118,496</u>	<u>\$ 478,274</u>	<u>\$ 1,035,079</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 817,620</u>	<u>\$ 918,181</u>	<u>\$ 492,834</u>	<u>\$ 2,228,635</u>

See Accompanying Notes to Financial Statements

HOPEWELL TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

AS OF DECEMBER 31, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,035,079

Amounts reported for *governmental activities* in the statement of net assets are different from amounts reported for *governmental funds* in the statement of revenues, expenses and changes in fund balances because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Add: Capital Assets	5,610,737
Deduct: Accumulated Depreciation	(1,755,807)

Deferred debt issue costs incurred in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Add: Deferred Debt Issue Costs	68,604
Deduct: Accumulated Amortization	(13,679)

Because some taxes that have been levied are not collected until several months or later after the Township's year-end, they are not considered "available" revenues in the governmental funds. Therefore, in the governmental funds, these amounts are classified as deferred revenue.

Add: Deferred Tax Revenue	173,351
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Deduct: Bonds Payable	\$ (1,305,000)
Deduct: Lease Purchase Obligations	(58,336)
Deduct: Compensated absences and Other Post Employment Benefits	(490,986)
	<u>(1,854,322)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 3,263,963

**HOPEWELL TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	Sewer Capital Projects <u>Fund</u>	Other Non-Major Funds	Totals Governmental Funds
<b><u>REVENUES</u></b>				
Taxes/Special Assessments	\$ 3,306,381	\$ 0	\$ 0	\$ 3,306,381
Licenses and Permits	155,585	0	0	155,585
Fines and Forfeits	51,503	0	0	51,503
Interest and Rents	28,764	26,596	11,718	67,078
Intergovernmental	280,880	0	315,893	596,773
Charges for Services	820,553	0	0	820,553
Contributions	3,446	0	0	3,446
Total Revenues	<u>\$ 4,647,112</u>	<u>\$ 26,596</u>	<u>\$ 327,611</u>	<u>\$ 5,001,319</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	\$ 519,242	\$ 0	\$ 0	\$ 519,242
Public Safety	1,744,136	0	0	1,744,136
Public Works - Sanitation	557,542	0	0	557,542
Public Works - Highways	827,575	0	293,459	1,121,034
Culture - Recreation	239,146	0	0	239,146
Debt Service:				
Interest charged	51,575	0	0	51,575
Principal Retirement	218,797	0	0	218,797
Unallocated Employee Benefits and Insurance	706,364	0	0	706,364
Miscellaneous	12,218	0	0	12,218
Total Expenditures	<u>\$ 4,876,595</u>	<u>\$ 0</u>	<u>\$ 293,459</u>	<u>\$ 5,170,054</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (229,483)</u>	<u>\$ 26,596</u>	<u>\$ 34,152</u>	<u>\$ (168,735)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds of General Fixed Asset Disposal	\$ 200	\$ 0	\$ 0	\$ 200
Transfers In	257,806	0	264,453	522,259
Transfers Out	(264,453)	0	(255,106)	(519,559)
Proceeds of General Long Term Debt	65,748	0	0	65,748
Refunds of Prior Year Expenditures/(Receipts)	43,919	0	0	43,919
Total Other Financing Sources (Uses)	<u>\$ 103,220</u>	<u>\$ 0</u>	<u>\$ 9,347</u>	<u>\$ 112,567</u>
Net change in fund balances	\$ (126,263)	\$ 26,596	\$ 43,499	\$ (56,168)
Fund Balances, beginning of year	<u>564,572</u>	<u>91,900</u>	<u>434,775</u>	<u>1,091,247</u>
Fund Balances, end of year	<u>\$ 438,309</u>	<u>\$ 118,496</u>	<u>\$ 478,274</u>	<u>\$ 1,035,079</u>

See Accompanying Notes to Financial Statements

**HOPEWELL TOWNSHIP**  
**RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2008**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (56,168)

Amounts reported for *governmental activities* in the statement of activities are different from amounts reported for *governmental funds* in the statement of revenues, expenditures and changes in fund balances because:

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

Capital Outlay	\$ 287,345	
Less: Depreciation Expense	<u>(154,053)</u>	133,292

Proceeds from the issuance of debt and repayments of principal on debt are reported in governmental funds as revenues and expenditures. Debt issue costs are reported as expenditures in governmental funds. However, in the statement of activities, the issuance of debt is recorded as a liability and debt issue costs are capitalized. The repayment of principal is recorded as a reduction of the liability. Debt issue costs are allocated over their estimated useful lives as amortization expense in the statement of activities.

Principal Payments on Notes and Bonds Payable	\$ 165,000	
Principal Payments on Capital Lease Obligations	53,797	
Less: Proceeds from Notes and Bonds Payable	(65,748)	
Less: Amortization Expense	<u>(6,945)</u>	146,104

In the statement of activities, certain operating expenses-compensated absences and other post employment benefits-are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, the total amount of the liability increased by this amount.

Increase in Compensated Absence Obligation		(30,874)
--	--	----------

Because some real estate taxes will not be collected until several months or later after the Township's year-end, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount during this year.

(124,867)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 67,487

**HOPEWELL TOWNSHIP**  
**STATEMENT OF NET ASSETS - SEWER FUND**  
**AS OF DECEMBER 31, 2008**

	<u>Sewer Fund</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 169,040
Accounts Receivable	560,152
Due from Sewer Capital Projects Fund	799,685
Other Current Assets - Prepaid Insurance	<u>17,240</u>
<b>Total Current Assets</b>	<u>\$ 1,546,117</u>
<b>Noncurrent Assets</b>	
Land	\$ 90,139
Building & Building Improvements (net of depreciation)	9,162,364
Equipment and Vehicles (net of depreciation)	171,717
Infrastructure (net of depreciation)	2,783,992
Construction in Progress	562,147
Debt Issue Costs (net of amortization)	<u>274,435</u>
<b>Total Noncurrent Assets</b>	<u>\$ 13,044,794</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,590,911</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 37,620
Accrued Salaries and Benefits	15,764
Due to General Fund	16,216
Payroll Deductions & Withholdings	1,206
Escrow Payable	13,266
Bonds Payable	55,000
Notes Payable	<u>367,604</u>
<b>Total Current Liabilities</b>	<u>\$ 506,676</u>
<b>Noncurrent Liabilities</b>	
Bonds Payable	\$ 4,925,000
Notes Payable	5,933,818
Accumulated Compensated Absences/Retirement Incentives	<u>121,641</u>
<b>Total Noncurrent Liabilities</b>	<u>\$ 10,980,459</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 11,487,135</u>
<b>NET ASSETS</b>	
Unrestricted, Undesignated	<u>\$ 3,103,776</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,103,776</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,590,911</u>

See Accompanying Notes to Financial Statements

HOPEWELL TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

SEWER FUND

YEAR ENDED DECEMBER 31, 2008

	<u>Sewer Fund</u>
<u>Operating Revenues</u>	
Charge for Services	\$ 2,439,427
Total Operating Revenues	<u>\$ 2,439,427</u>
 <u>Operating Expenses</u>	
Wastewater and Sewer Expense	\$ 1,844,928
Depreciation Expense	352,676
Amortization Expense	3,031
Other Miscellaneous Expense	9,842
Total Operating Expenses	<u>\$ 2,210,477</u>
Operating Income (Loss)	<u>\$ 228,950</u>
 <u>Non-operating Revenues and (Expenses)</u>	
Shared Revenue - State Sources	\$ 57,994
Interest Income	2,712
Interest on Long-term Debt	(365,919)
Refund of Prior Year Expense	43,874
Other Miscellaneous Revenue	11,200
Total Non-operating Revenues and (Expenses)	<u>\$ (250,139)</u>
 Income (Loss) Before Operating Transfers	\$ (21,189)
 Operating Transfers In (Out)	<u>(2,700)</u>
 Change in Net Assets	<u>\$ (23,889)</u>
 Net Assets beginning of year	<u>3,127,665</u>
 Net Assets end of year	<u>\$ 3,103,776</u>

See Accompanying Notes to Financial Statements

HOPEWELL TOWNSHIP  
STATEMENT OF CASH FLOWS - SEWER FUND  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,442,987
Payments to Suppliers	(1,242,579)
Payments to Employees	<u>(595,254)</u>
Net Cash Provided by Operating Activities	\$ 605,154
Cash Flows from Noncapital Financing Activities:	
Miscellaneous Receipts for Sale of Timber	\$ 11,200
Transfers Out	(2,700)
State Shared Revenue	57,994
Net Repayments By and (Borrowings From) Other Funds	375,708
Refund of Prior Year Expense	43,874
Escrow Deposits Repaid	<u>6,432</u>
Net Cash Provided by Noncapital Financing Activities	492,508
Cash Flows from Capital and Related Financing Activities:	
Capital Expenditures, net of disposals	\$ (337,684)
Principal Paid on Bonds and Notes	(420,957)
Interest Paid on Bonds and Notes	(365,919)
Interest Income	<u>2,712</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,121,848)</u>
Net Decrease in Cash and Cash Equivalents	\$ (24,186)
Cash and Cash Equivalents, beginning of year	<u>193,226</u>
Cash and Cash Equivalents, end of year	<u>\$ 169,040</u>
Operating Income	<u>\$ 228,950</u>
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities	
Depreciation and Amortization Expense	\$ 355,707
(Increase) Decrease in Accounts Receivable	13,402
(Increase) Decrease in Prepaid Expenses	(164)
Increase (Decrease) in Accounts Payable and Accrued Expenses	4,518
Increase (Decrease) in Accrued Payroll	<u>2,741</u>
Total Adjustments	<u>\$ 376,204</u>
Cash Provided by Operating Activities	<u>\$ 605,154</u>

HOPEWELL TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED DECEMBER 31, 2008

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<u>REVENUES</u>				
Taxes/Special Assessments	\$ 3,409,400	\$ 3,409,400	\$ 3,306,381	\$ (103,019)
Licenses and Permits	117,300	117,300	155,585	38,285
Fines and Forfeits	32,000	32,000	51,503	19,503
Interest and Rents	46,500	46,500	28,764	(17,736)
Intergovernmental	439,948	439,948	280,880	(159,068)
Charges for Services	782,300	782,300	820,553	38,253
Contributions	3,000	3,000	3,446	446
Total Revenues	<u>\$ 4,830,448</u>	<u>\$ 4,830,448</u>	<u>\$ 4,647,112</u>	<u>\$ (183,336)</u>
<u>EXPENDITURES</u>				
General Government	\$ 532,250	\$ 532,250	\$ 519,242	\$ 13,008
Public Safety	1,728,700	1,728,700	1,744,136	(15,436)
Public Works - Sanitation	570,200	570,200	557,542	12,658
Public Works - Highways	597,550	597,550	827,575	(230,025)
Culture - Recreation	258,000	258,000	239,146	18,854
Interest	48,000	48,000	51,575	(3,575)
Debt Service	165,000	165,000	218,797	(53,797)
Unallocated Employee Benefits and Insurance	720,000	720,000	706,364	13,636
Miscellaneous	6,500	6,500	12,218	(5,718)
Total Expenditures	<u>\$ 4,626,200</u>	<u>\$ 4,626,200</u>	<u>\$ 4,876,595</u>	<u>\$ (250,395)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 204,248</u>	<u>\$ 204,248</u>	<u>\$ (229,483)</u>	<u>\$ (433,731)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of General Fixed Asset Disposal	\$ 4,000	\$ 4,000	\$ 200	\$ (3,800)
Transfers In	12,500	12,500	257,806	245,306
Transfers Out	(451,748)	(451,748)	(264,453)	187,295
Proceeds of General Long Term Debt	0	0	65,748	65,748
Refunds of Prior Year Expenditures/(Receipts)	25,000	25,000	43,919	18,919
Total Other Financing Sources (Uses)	<u>\$ (410,248)</u>	<u>\$ (410,248)</u>	<u>\$ 103,220</u>	<u>\$ 513,468</u>
Excess of Revenues and Other Sources				
Over/(Under) Expenditures and Other Uses	<u>\$ (206,000)</u>	<u>\$ (206,000)</u>	<u>\$ (126,263)</u>	<u>\$ 79,737</u>
Fund Balances - Unreserved - beginning of year			564,572	
Fund Balances - Unreserved - end of year			<u>\$ 438,309</u>	

See Accompanying Notes to Financial Statements

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**Reporting Entity**

The Township of Hopewell was established under the laws of the Commonwealth of Pennsylvania. The Township operates with a board and provides the following services as authorized by the Township code: public safety, streets, sanitation and recreation.

The governmental reporting entity consists of the Township (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. A component unit has a financial benefit or burden relationship with the Township if any one of the following is true: (1) The Township is legally entitled to or can otherwise access the component unit's resources (2) The Township is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the component unit (3) The Township is obligated in some manner for the debt of the component unit.

The basic financial statements include no component units. The Township does not have any component units that meet the criteria for being discretely presented. If the Township did have component units that met the criteria for being discretely presented, they would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the component unit. A component unit is blended if the component unit provides services entirely, or almost entirely, to the Township or otherwise exclusively, or almost exclusively, benefits the Township even though it does not provide services directly to it.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Hopewell Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant accounting policies of the Township are described below.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***A. Basis of Presentation***

The Township's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide financial statements** - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the Township.

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

***B. Measurement Focus/Basis of Accounting***

**Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due. Property taxes and interest associated with past and current fiscal periods are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are collected within 60 days of the end of the current fiscal period. All other property taxes associated with past and current fiscal periods are deferred in the Governmental fund financial statements.

The Township reports the following major governmental funds:

General Fund—The General Fund is the operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund.

Sewer Capital Projects Fund - The Sewer Capital Projects Fund is a Capital Projects Fund that accounts for the accumulation of resources to be used for construction and improvement of the Township's sewer system.

The following funds are grouped and shown as non-major funds because they do not meet the major fund criteria:

Parks Capital Projects Fund – This fund is a Capital Projects Fund which accounts for the accumulation of resources to be used for construction and improvement of the parks within the Township.

General Capital Projects Fund – This fund is a Capital Projects Fund which accounts for the accumulation of resources to be used for construction and improvements within areas of the Township other than the sewer system and the parks.

State Fund—The State Fund is a Special Revenue Fund which accounts for proceeds of state aid for liquid fuels that are legally restricted to expenditures for road related purposes.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its enterprise activities.

The Township reports the following major enterprise fund:

Sewer Fund—The Sewer Fund is an enterprise fund. The majority of the revenues in the Sewer Fund are from sewer use charges.

The Township does not report the Police Pension Fund as a Fiduciary Fund because the fund was not within the scope of our audit. This is an agency fund which is used to account for net assets held in a purely custodial capacity for specific other persons or organizations or governments. Our audit was limited because we did not audit the Police Pension Fund of the Township.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

***C. Budgetary Process***

The Township passed an appropriated General Fund budget for the fiscal year ending December 31, 2008 with revenues and other financing sources totaling \$4,871,948 and expenditures and other financing sources totaling \$5,077,948. The budget was balanced using the prior year ending fund balance.

The Township is required by state law to adopt an annual budget. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (“GAAP”).

Although the codes contain somewhat different requirements for boroughs, townships and cities, the following are common elements.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- 1) Projections of revenue estimates and proposed expenditures must be made either by the secretary, department heads or committees of the governing body.
- 2) The minimum financial obligation of the municipality for the following year must be determined by the chief administrative officer of each municipal pension plan and submitted to the governing body by September 30.
- 3) A public meeting of the governing body is held at which the budget for all funds of the municipality is discussed and the proposed budget is prepared.
- 4) After the proposed budget is prepared, it must be advertised. The advertisement should include a statement of where the budget is available for public inspection for a period of at least 20 days, except for townships, which is at least 10 days.
- 5) The governing body must officially adopt a balanced budget before December 31, of the year preceding the budget year.

All budget appropriations lapse at year-end, unless the Township chooses to utilize encumbrance accounting. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

***D. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 31, the Township's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

***E. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are offset against each other in the governmental and business-type activities columns of the statement of net assets, except for amounts due to/from other funds which are not presented in the statement of net assets.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

***F. Inventories***

The inventories of the Township were not material to the financial statements taken as a whole as of December 31, 2008. Therefore, they are not reported.

***G. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

In accordance with GASB Statement No. 34, infrastructure assets have been prospectively capitalized, beginning January 1, 2004. Because the Township receives less than ten million dollars in annual revenue, the Township is not required and has not elected to retroactively report major general infrastructure assets on the government-wide statement of net assets. The Township does, however, report major general infrastructure assets for the business-type activities on the statement of net assets.

All capital assets (including infrastructure) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. The value of land includes all land under Township roads. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Infrastructure	20-50 years	N/A
Buildings and Improvements	10-40 years	N/A
Furniture and Equipment	3-15 years	3-15 years

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***H. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

***I. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Township applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***J. Fund Balance Reserves***

The Township reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and budget stabilization.

***K. Use of Estimates***

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

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 3 - CASH /INVESTMENTS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. Deposits of the governmental funds, which are maintained in demand deposits or highly liquid money market funds, are captioned as "Cash and Cash Equivalents" in the combined balance sheet. There were no deposit or investment transactions noted during the year that were in violation of either the state statutes or the policy of the Township.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Bank balances up to \$250,000 per bank are insured by the FDIC. Pennsylvania statutes require banks to pledge collateral for Township deposits in excess of \$250,000. The Township does not have a policy for custodial credit risk. As of December 31, 2008, \$1,516,636 of the Township's bank balance of \$2,014,471 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 0
Uninsured and collateralized with securities held by financial institution in the Township's name	\$ 0
Uninsured and collateralized with securities held by financial institution but not in the Township's name	\$ 1,516,636

**Other Deposits**

As of December 31, 2008, the Township had other deposits in the Pennsylvania Local Government Investment Trust (PLGIT) which was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments. The fund has the characteristics of an open-end mutual fund and is not subject to credit risk classification. PLGIT is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 3 - CASH /INVESTMENTS - CONTINUED**

The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2008, the Township had the following other deposits:

<u>Type</u>	<u>Fair Value</u>
PA Local Government Investment Trust	\$ 105,706
Total	<u>\$ 105,706</u>

**Reconciliation to Financial Statements**

Uncollateralized Amount Above	\$ 1,516,636
Insured Amount	377,367
Petty Cash	300
Other Deposits Above	<u>105,706</u>
Carrying Amount - Bank Balances	<u>\$ 2,000,009</u>
Less: Outstanding Items	<u>(98,471)</u>
Total	<u>\$ 1,901,538</u>

**Credit Risk**

As of December 31, 2008, the Township's investments were rated as:

Type	Standard & Poor's
PA Local Government Investment Trust	AAA

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township has no investment subject to custodial credit risk.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 4 – ACCOUNTS RECEIVABLE**

The Accounts Receivable balance in the General Fund primarily represents amounts to be collected for solid waste collection services provided by the Township. The Accounts Receivable balance in the Proprietary Fund represents amounts to be collected for sewer services provided. The Township has established allowances for doubtful accounts of \$58,000 in the General Fund and \$151,500 in the Proprietary Fund based on the aging of the receivable balances. The allowance for doubtful accounts for 2007 was \$91,000 for the General Fund and \$329,000 for the Proprietary Fund. The Township is aggressively pursuing collection of all outstanding accounts receivable.

**NOTE 5 - PROPERTY TAXES**

Based upon assessed valuations provided by the County, the municipal tax collector bills and collects property taxes on behalf of the Township. The schedule for property taxes levied for 2008 is as follows:

March	- tax notices mailed
March-April	- 2% discount period
May-June	- face payment period
July until Dec. 31 <sup>st</sup>	- 10% penalty period
January 1 of year following mailing date	- lien date

The Township tax rate for all purposes in 2008 was 11 mills (\$11.00 per \$1,000 assessed valuation). Collections on the 2008 Tax Duplicate amounted to \$1,625,249.

As of December 31, 2008, property taxes receivable by the Township include uncollected taxes assessed as of January 1, 2008 or earlier. It is estimated that a certain collectable percentage (as determined by the delinquent tax collector) of all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected; therefore, property taxes receivable reflect this estimate. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008 is as follows:

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 6 – CAPITAL ASSETS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,485,899	\$ 0	\$ 0	\$ 1,485,899
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital assets, not being depreciated	<u>\$ 1,485,899</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,485,899</u>
Capital assets, being depreciated:				
Building and Building Improvements	\$ 1,155,211	\$ 7,530	\$ 0	\$ 1,162,741
Machinery and Equipment	1,364,770	118,610	44,645	1,438,735
Infrastructure	<u>1,334,948</u>	<u>188,414</u>	<u>0</u>	<u>1,523,362</u>
Total capital assets, being depreciated	<u>\$ 3,854,929</u>	<u>\$ 314,554</u>	<u>\$ 44,645</u>	<u>\$ 4,124,838</u>
<b>Governmental activities:</b>				
Accumulated Depreciation for:				
Building and Building Improvements	\$ 622,471	\$ 44,900	\$ 0	\$ 667,371
Machinery and Equipment	882,674	82,720	17,434	947,960
Infrastructure	<u>114,045</u>	<u>26,431</u>	<u>0</u>	<u>140,476</u>
Total Accumulated Depreciation	<u>\$ 1,619,190</u>	<u>\$ 154,051</u>	<u>\$ 17,434</u>	<u>\$ 1,755,807</u>
Capital assets, being depreciated, net	<u>\$ 2,235,739</u>	<u>\$ 160,503</u>	<u>\$ 27,211</u>	<u>\$ 2,369,031</u>
Governmental activities capital assets, net	<u>\$ 3,721,638</u>	<u>\$ 160,503</u>	<u>\$ 27,211</u>	<u>\$ 3,854,930</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 90,139	\$ 0	\$ 0	\$ 90,139
Construction in Progress	<u>311,501</u>	<u>260,489</u>	<u>9,843</u>	<u>562,147</u>
Total Capital assets, not being depreciated	<u>\$ 401,640</u>	<u>\$ 260,489</u>	<u>\$ 9,843</u>	<u>\$ 652,286</u>
Capital assets, being depreciated:				
Building and Building Improvements	\$ 11,587,132	\$ 87,038	\$ 0	\$ 11,674,170
Machinery and Equipment	399,554	7,500	8,141	398,913
Infrastructure	<u>6,628,552</u>	<u>0</u>	<u>0</u>	<u>6,628,552</u>
Total capital assets, being depreciated	<u>\$ 18,615,238</u>	<u>\$ 94,538</u>	<u>\$ 8,141</u>	<u>\$ 18,701,635</u>

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 6 – CAPITAL ASSETS – CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated Depreciation for:				
Building and Building Improvements	\$ 2,316,683	\$ 195,123	\$ 0	\$ 2,511,806
Machinery and Equipment	202,855	33,801	9,460	227,196
Infrastructure	3,711,989	132,571	0	3,844,560
Total Accumulated Depreciation	<u>\$ 6,231,527</u>	<u>\$ 361,495</u>	<u>\$ 9,460</u>	<u>\$ 6,583,562</u>
Capital assets, being depreciated, net	<u>\$ 12,383,711</u>	<u>\$ (266,957)</u>	<u>\$ (1,319)</u>	<u>\$ 12,118,073</u>
Business-type activities capital assets, net	<u>\$ 12,785,351</u>	<u>\$ (6,468)</u>	<u>\$ 8,524</u>	<u>\$ 12,770,359</u>

**Construction in Progress**

Construction in Progress in the proprietary fund represents construction of various sewer plants and pump stations throughout the Township.

Depreciation expense was charged to functions of the Township as follows:

**Governmental Activities:**

General Government	\$ 28,909
Public Safety	28,544
Highways and Streets	92,944
Parks and Recreation	3,656
Total Depreciation expense, Governmental Activities:	<u>\$ 154,053</u>

**Business-Type Activities:**

Sewer	<u>\$ 361,495</u>
Total Depreciation expense, Business-Type Activities:	<u>\$ 361,495</u>

**Total Depreciation expense, Governmental and Business-Type Activities:** \$ 515,548

**NOTE 7 – LONG-TERM DEBT**

Long-term liability for the year ended December 31, 2008 is as follows:

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 7 – LONG-TERM DEBT - CONTINUED**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 1,470,000	\$ 0	\$ (165,000)	\$ 1,305,000	\$ 170,000
Notes Payable	0	0	0	0	0
Obligations under capital leases	<u>46,383</u>	<u>65,748</u>	<u>(53,795)</u>	<u>58,336</u>	<u>36,495</u>
Total governmental activity long-term liabilities	<u>\$ 1,516,383</u>	<u>\$ 65,748</u>	<u>\$ (218,795)</u>	<u>\$ 1,363,336</u>	<u>\$ 206,495</u>
Business-type activities:					
Bonds Payable	\$ 5,035,000	\$ 0	\$ (55,000)	\$ 4,980,000	\$ 55,000
Notes Payable	6,667,379	0	(365,957)	6,301,422	367,604
Obligations under capital leases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total business-type activity long-term liabilities	<u>\$ 11,702,379</u>	<u>\$ 0</u>	<u>\$ (420,957)</u>	<u>\$ 11,281,422</u>	<u>\$ 422,604</u>

**NOTE 8 – BONDS PAYABLE**

**General Obligation Bonds, Series of 2004**

During 2004, the Township issued \$1,955,000 of its General Obligation Bonds, Series of 2004 bearing interest at rates from 1.35% to 4.00%. Part of the proceeds of this bond issue was used to redeem the Township's General Obligation Bonds, Series of 1999. The partial proceeds were invested in various United States Treasury obligations which, upon maturity, will provide sufficient funds to meet the debt service requirements of the Township's General Obligation Bonds, Series of 1999, when due. The remainder of the proceeds of this bond was used to pay bond issue costs and to fund various capital construction and road projects within the Township. Future estimated principal and interest payments for the 2004 bonds are as follows:

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 8 – BONDS PAYABLE – CONTINUED**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 170,000	\$ 43,818	\$ 213,818
2010	175,000	39,568	214,568
2011	180,000	34,318	214,318
2012	185,000	27,943	212,943
2013	190,000	22,540	212,540
2014-2015	<u>405,000</u>	<u>23,900</u>	<u>428,900</u>
	<u>\$ 1,305,000</u>	<u>\$ 192,087</u>	<u>\$ 1,497,087</u>

**General Obligation Bonds, Series of 2006**

During 2006, the Township issued \$5,085,000 of its General Obligation Bonds, Series of 2006 bearing interest rates from 3.3% to 4.4%. The bond proceeds were used to redeem the 2001 Washington County Loan and the Series A of 1999 General Obligation Bonds. The partial proceeds were invested in various United States Treasury obligations which, upon maturity will provide sufficient funds to meet the debt service requirements of the Township's Series A of 1999 General Obligation Bonds, when due. Future estimated principal and interest payments for the 2006 bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 55,000	\$ 209,022	\$ 264,022
2010	55,000	207,208	262,208
2011	55,000	205,256	260,256
2012	55,000	210,837	265,837
2013	60,000	201,350	261,350
2014-2018	325,000	971,225	1,296,225
2019-2023	540,000	897,928	1,437,928
2024-2028	3,110,000	576,720	3,686,720
2029	<u>725,000</u>	<u>31,900</u>	<u>756,900</u>
	<u>\$ 4,980,000</u>	<u>\$ 3,511,446</u>	<u>\$ 8,491,446</u>

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 9 – NOTES PAYABLE - CONTINUED**

**PENNVEST Loan #71301– 2004 (Proprietary Fund)**

During 2004, the Township entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the purpose of making improvements to the Township’s sewer system. The original amount of the loan was \$770,000. The outstanding principal amount at December 31, 2008 is \$652,223. The loan bears interest at an annual rate of 1.387% for 71 months and 2.774% for 180 months. Future principal and interest payments on this note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 35,226	\$ 8,823	\$ 44,049
2010	34,210	11,749	45,959
2011	32,884	15,751	48,635
2012	33,809	14,827	48,636
2013	34,761	13,877	48,638
2014-2018	188,997	54,163	243,160
2019-2023	217,082	26,087	243,169
2024-2028	<u>75,254</u>	<u>1,751</u>	<u>77,005</u>
	<u>\$ 652,223</u>	<u>\$ 147,028</u>	<u>\$ 799,251</u>

**PENNVEST Loan – #71154 - 2002 (Proprietary Fund)**

During 2002, the Township entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the purpose of making improvements to the Township’s sewer system. The original amount of the loan was \$6,000,000. In November 2004, the approved loan amount was increased to \$6,568,324. The outstanding principal amount at December 31, 2008 is \$4,909,052. The loan bears interest at an annual rate of 1.387% for the first 60 months and 2.774% for the remainder of the 20-year term.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	284,877	122,733	407,610
2010	292,878	114,729	407,607
2011	301,110	106,500	407,610
2012	309,569	98,041	407,610
2013	318,267	99,184	417,451
2014-2018	1,730,594	356,651	2,087,245
2019-2023	<u>1,671,757</u>	<u>102,411</u>	<u>1,774,168</u>
	<u>\$ 4,909,052</u>	<u>\$ 1,000,249</u>	<u>\$ 5,909,301</u>

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 9 – NOTES PAYABLE - CONTINUED**

**PENNVEST Loan – #71178 - 2001 (Proprietary Fund)**

During 2001, the Township entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the purpose of making improvements to the Township’s sewer system. The original amount of the loan was \$1,147,000 and \$1,092,641 in loan proceeds had actually been received by the Township through December 31, 2008. The outstanding principal amount at December 31, 2008 is \$740,148. The loan bears interest at an annual rate of 1.522% through November 2006 and 3.045% for the remainder of the term ending November 2021. Future principal and interest payments on this note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 47,501	\$ 21,878	\$ 69,379
2010	48,968	20,411	69,379
2011	50,480	18,899	69,379
2012	52,038	17,341	69,379
2013	53,645	15,734	69,379
2014-2018	294,121	52,774	346,895
2019-2021	<u>193,395</u>	<u>8,960</u>	<u>202,355</u>
	<u>\$ 740,148</u>	<u>\$ 155,997</u>	<u>\$ 896,145</u>

**NOTE 10 – LEASES PAYABLE**

**Governmental Activity Leases**

During 2006, the Township entered into a \$20,985 capital lease agreement for the acquisition of a police vehicle. The lease included an interest rate of 5.75% and required three annual payments of \$7,691 which began in February 2008. This remaining balance of this lease was paid during 2008.

During 2006, the Township entered into a \$19,574 capital lease agreement for the acquisition of a police vehicle. The lease included an interest rate of 4.9% and required three annual payments of \$7,174 beginning in April 2006. The remaining balance of this lease was paid during 2008.

During 2007, the Township entered into a \$50,424 capital lease agreement for the acquisition of two police vehicles. The lease includes an interest rate of 9.72% and requires three annual payments of \$18,389 beginning in December 2007. At the end of the term of the lease, the Township may purchase the vehicles for \$1. Future principal and interest payments are as follows:

**HOPEWELL TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2008**

**NOTE 10 – LEASES PAYABLE - CONTINUED**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 16,760	\$ 1,629	\$ 18,389

During 2008, the Township entered into a \$40,466 capital lease agreement for the acquisition of two police vehicles. The lease includes an interest rate of 10.67% and requires three annual payments of \$14,877 beginning in December 2008. At the end of the term of the lease, the Township may purchase the vehicles for \$1. Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 12,147	\$ 2,730	\$ 14,877
2010	<u>13,443</u>	<u>1,434</u>	<u>14,877</u>
	<u>\$ 25,590</u>	<u>\$ 4,164</u>	<u>\$ 29,754</u>

During 2008, the Township entered into a \$25,282 capital lease agreement for the acquisition of a vehicle for the road department. The lease includes an interest rate of 10.67% and requires three annual payments of \$9,295 beginning in December 2008. At the end of the term of the lease, the Township may purchase the vehicles for \$1. Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,589	\$ 1,706	\$ 9,295
2010	<u>8,397</u>	<u>896</u>	<u>9,293</u>
	<u>\$ 15,986</u>	<u>\$ 2,602</u>	<u>\$ 18,588</u>

**NOTE 11 – COMPENSATED ABSENCES/RETIREMENT INCENTIVES**

Township employees accumulate unused sick leave up to a maximum of 120 days. Earned vacation time is generally required to be used within the year of accrual. Upon retirement or separation of employment, accumulated sick leave up to a maximum of 120 days will be paid to the employee at a rate of \$50 per day for police officers and public works employees, \$50 per day for department supervisors and \$25 per day for all other employees. The liability for compensated absences is calculated based on the number of days accrued and the employee's current daily pay rate. As of December 31, 2008, the liability for accrued sick leave is \$495,112 including \$120,184 applicable to employees of the proprietary fund and \$374,928 applicable to other employees.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 11 – COMPENSATED ABSENCES/RETIREMENT INCENTIVES – CON’T.**

In 2007, the Township provided a retirement incentive to certain employees agreeing to provide them with health insurance coverage during retirement. As of December 31, 2008, the Township is obligated to pay future health care coverage for three retirees under this plan. The liability for future benefits to be paid to current retirees is \$117,515 at December 31, 2008, including \$1,457 applicable to the proprietary fund retiree and \$116,058 applicable to other employees.

**NOTE 12- DEFERRED FINANCING COSTS**

Financing costs, including legal fees, bond discounts and expenses incurred in issuance of debt for various proprietary fund projects are treated as deferred financing costs and recorded as Other Assets. These costs are being amortized over the term of the note or bond issue to which they related.

**NOTE 13 – INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

Interfund balances at December 31, 2008, consisted of the following fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund Due from Proprietary Fund	\$ 16,216	\$ 0
Proprietary Fund Due to General Fund	0	16,216
Proprietary Fund Due from Sewer Construction Fund	799,685	0
Sewer Construction Fund Due to Proprietary Fund	<u>0</u>	<u>799,685</u>
	<u>\$ 815,901</u>	<u>\$ 815,901</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Transfers**

Transfers are indicative of funding for capital projects and re-allocations of special and other revenues. The following schedule briefly summarizes the Township’s transfer activity:

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 13 – INTERFUND TRANSACTIONS - CONTINUED**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
Non-Major Fund	General Fund	\$ 255,106	To reimburse General Fund for payments made on behalf of the Capital Projects Fund
General Fund	Non-Major Fund	\$ 22,558	To reimburse State Fund for payments made on behalf of the General Fund
General Fund	Non-Major Fund	\$ 241,895	To transfer funds to the General Capital Projects Fund for future capital expenditures.
Proprietary Fund	General Fund	\$ 2,700	To reimburse General Fund for payments made on behalf of the Sewer Fund.

**NOTE 14 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts, errors and omissions, natural disasters and loss or damage of assets. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in the level of insurance coverage compared to the coverage in the prior year.

For its health, dental and vision insurance, the Township participates as a member of the Municipal Employers Insurance Trust (MEIT). MEIT was formed in 1968 for the purpose of providing certain benefits for eligible employers (any municipality, municipal authority, association of municipal employees of any city, town, township or borough of the Commonwealth of Pennsylvania) and those employers who may later become eligible. MEIT acts as an agent for the eligible employers by collecting the insurance premiums and remitting the premiums to the various insurance providers. The Township pays a monthly premium to MEIT for its medical, dental and vision insurance.

The trust agreement provides that MEIT will be self-sustaining through employer contributions sufficient to pay all insurance premiums from commercial insurance carriers and all administrative costs of MEIT.

**HOPEWELL TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**NOTE 14 – RISK MANAGEMENT - CONTINUED**

The Township may withdraw from MEIT by giving 30 days notice. The trust was established solely for the purpose of administering, holding and maintaining insurance policies and other agreements related to the provision of benefits. Therefore, the Township has no right, title or interest in the Trust Fund and it has no right to the return of any monies paid into the Trust Fund.

For its workers compensation insurance coverage, the Township participates in the Municipal Risk Management Worker's Compensation Pooled Trust, a public entity risk pool operated for the benefit of 202 cities, municipalities, boroughs, townships and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1933 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant in the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Trust purchases excess insurance coverage with statutory limits. The retention for this coverage is \$500,000 per occurrence. There were no significant changes in the levels of insurance coverage compared to the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years. A member may withdraw from the Trust after that time by giving ninety days notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any assets of the Trust. Estimates of any additional assessments are unknown.

**OTHER FINANCIAL INFORMATION**

**HOPEWELL TOWNSHIP**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2008**

	Parks Capital Projects <u>Fund</u>	General Capital Projects <u>Fund</u>	State <u>Fund</u>	Total Non-Major Governmental <u>Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 88,137	\$ 298,991	\$ 105,706	\$ 492,834
Total Assets	<u>\$ 88,137</u>	<u>\$ 298,991</u>	<u>\$ 105,706</u>	<u>\$ 492,834</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 0	\$ 0	\$ 14,560	\$ 14,560
Due to other funds	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,560</u>	<u>\$ 14,560</u>
<u>Fund Balances:</u>				
Unreserved	\$ 88,137	\$ 298,991	\$ 91,146	\$ 478,274
Total Fund Balance	<u>\$ 88,137</u>	<u>\$ 298,991</u>	<u>\$ 91,146</u>	<u>\$ 478,274</u>
Total Liabilities and Fund Balances	<u>\$ 88,137</u>	<u>\$ 298,991</u>	<u>\$ 105,706</u>	<u>\$ 492,834</u>

HOPEWELL TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2008

	Parks Capital Projects <u>Fund</u>	General Capital Projects <u>Fund</u>	State <u>Fund</u>	Total Non-Major Governmental <u>Funds</u>
<u>REVENUES</u>				
Taxes/Special Assessments	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	315,893	315,893
Interest, Rents and Royalties	1,100	7,529	3,089	11,718
Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 1,100</u>	<u>\$ 7,529</u>	<u>\$ 318,982</u>	<u>\$ 327,611</u>
<u>EXPENDITURES</u>				
Public Safety	\$ 0	\$ 0	\$ 0	\$ 0
Public Works-Highways	0	0	293,459	293,459
Culture-Recreation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 293,459</u>	<u>\$ 293,459</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,100</u>	<u>\$ 7,529</u>	<u>\$ 25,523</u>	<u>\$ 34,152</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 241,895	\$ 22,558	\$ 264,453
Transfers (Out)	<u>0</u>	<u>(255,106)</u>	<u>0</u>	<u>(255,106)</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (13,211)</u>	<u>\$ 22,558</u>	<u>\$ 9,347</u>
Net change in Fund balances	\$ 1,100	\$ (5,682)	\$ 48,081	\$ 43,499
Fund Balances, beginning of year	<u>87,037</u>	<u>304,673</u>	<u>43,065</u>	<u>434,775</u>
Fund Balances, end of year	<u>\$ 88,137</u>	<u>\$ 298,991</u>	<u>\$ 91,146</u>	<u>\$ 478,274</u>