

**BOROUGH OF TARENTUM**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2014**



***MERGE & HILL, P.C.***  
Certified Public Accountants

**BOROUGH OF TARENTUM, PENNSYLVANIA**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-3
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5-6
Fund Financial Statements:	
Government Funds:	
Balance Sheet	7
Reconciliation of the Governmental Funds Balance Sheet to	
Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in	
Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and	
Changes in Fund Balance of Governmental Funds to the Statement	
of Activities	10
Proprietary Funds:	
Statement of Fund Net Position	11
Statement of Revenues, Expenses and Changes in Fund Net Position	12
Statement of Cash Flows	13-14
Fiduciary Funds:	
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to the Financial Statements	17-35
<b>Required Supplementary Information (Unaudited):</b>	
Police Pension Plan	36
Non Uniform Employees Pension Plan	37
Schedule of Revenue, Expenditures, and Changes in Fund Balance	
-Budget and Actual:	
General Fund	38-44
Liquid Fuels Fund	45



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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To Borough Council and Borough Manager  
Borough of Tarentum, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Tarentum, Pennsylvania (the Borough), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

#### **Basis for Adverse Opinion on Governmental Activities**

As discussed in Note (1) I. to the financial statements, management has not recorded capital assets in governmental activities prior to January 1, 2004 and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. Historical cost records for the Borough's capital assets are incomplete or not available for the government funds. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

#### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Borough of Tarentum, Pennsylvania, as of December 31, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Qualified Opinion on Business-Type Activities Fund Financial Statements and Government-wide financial statements**

As discussed in Note (1) I. to the financial statements, the business-type activities water fund capital assets reported in their fund financial statements and government-wide financial statements reflect respective assets acquired prior to January 1, 1981 at their actual cash value basis rather than historical costs. Assets acquired subsequent to December 31, 1980 are reflected at cost. The amount by which this departure would affect the assets, fund balances, and expenses of the water fund has not been determined.

#### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Business-Type Activities Fund Financial Statements and Government-wide financial statements" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the water fund of the Borough of Tarentum, as of December 31, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund other than the Water Fund of the Borough of Tarentum, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Police Pension Plan, Non-uniformed Employees' Pension Plan and budgetary comparison information on pages 36 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Merge & Hill, P.C.*

Tarentum, Pennsylvania

August 7, 2015

BOROUGH OF TARENTUM, PENNSYLVANIA  
Government-wide Statement of Net Position  
December 31, 2014

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 92,686	\$ 336,621	\$ 429,307
Restricted Cash		838,702	838,702
Receivables:			
Taxes	603,307		603,307
Accounts - Customers - Net	40,272	429,551	469,823
Internal Balances	(89,456)	89,456	
Intergovernmental	2,117		2,117
Other	57,143		57,143
Inventory		21,062	21,062
Total Current Assets	<u>706,069</u>	<u>1,715,392</u>	<u>2,421,461</u>
Noncurrent Assets:			
Capital Assets:			
Construction in Progress		51,081	51,081
Property, Plant and Equipment	4,410,206	8,427,205	12,837,411
Accumulated Depreciation		(4,677,293)	(4,677,293)
Total Capital Assets	<u>4,410,206</u>	<u>3,800,993</u>	<u>8,211,199</u>
Total Assets	<u>5,116,275</u>	<u>5,516,385</u>	<u>10,632,660</u>
<u>Deferred Outflows of Resources</u>			
Deferred Debt Expense, Net		295,059	295,059
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	74,552	275,281	349,833
Accrued Payroll and Withholdings	33,570	14,664	48,234
Compensated Absences	65,892	23,460	89,352
Sales Tax Payable		4,283	4,283
Interest Payable	756	67,640	68,396
Customer Deposits		90,060	90,060
Other	4,697		4,697
Current Portion of Long Term Debt	93,641	239,759	333,400
Total Current Liabilities	<u>273,108</u>	<u>715,147</u>	<u>988,255</u>
Long Term Liabilities:			
Due in More than One Year	266,113	4,719,398	4,985,511
Total Liabilities	<u>539,221</u>	<u>5,434,545</u>	<u>5,973,766</u>
<u>Deferred Inflows of Resources</u>			
Fees Collected in Advance	8,612		8,612
<u>Net Position</u>			
Net Investment in Capital Assets	\$ 4,050,452	267,982	4,318,434
Restricted for:			
Public Works - Highways	102		102
Unrestricted	517,888	108,917	626,805
Total Net Position	<u>\$ 4,568,442</u>	<u>\$ 376,899</u>	<u>\$ 4,945,341</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Government-wide Statement of Activities  
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government Activities:					
General Government	\$ 134,617	\$ 3,833	\$	\$	\$ (130,784)
Public Safety:					
Police	882,634	63,026		22,400	(797,208)
Fire	96,879		19,218		(77,661)
Code Enforcement	59,336	16,131			(43,205)
Other	30,434	18,951			(11,483)
Public Works - Sanitation	317,612	510,127			192,515
Public Works - Highways	570,605	19,256	102,589		(448,760)
Other Public Works - Parking	5,539	30,056			24,517
Culture and Recreation	47,555		5,000		(42,555)
Community Development	10,766				(10,766)
Interest on Long-Term Debt	15,284				(15,284)
Miscellaneous	164,923				(164,923)
Refunds of Prior Year Revenues	6,319				(6,319)
Total Government Activities	<u>2,342,503</u>	<u>661,380</u>	<u>126,807</u>	<u>22,400</u>	<u>(1,531,916)</u>
Business-type Activities:					
Water Utilities	1,331,794	1,207,752			(124,042)
Electric Utilities	3,707,900	4,034,126			326,226
Total Business-type Activities	<u>5,039,694</u>	<u>5,241,878</u>			<u>202,184</u>
Total	<u>\$ 7,382,197</u>	<u>\$5,903,258</u>	<u>\$ 126,807</u>	<u>\$ 22,400</u>	<u>\$ (1,329,732)</u>

BOROUGH OF TARENTUM, PENNSYLVANIA  
Government-wide Statement of Activities (Continued)  
For the Year Ended December 31, 2014

	Governmental Activities	Business-type Activities	Total
Changes in Net Assets:			
Net (Expense) Revenue	<u>\$ (1,531,916)</u>	<u>\$ 202,184</u>	<u>\$ (1,329,732)</u>
General Revenues:			
Taxes:			
Real Estate	590,457		590,457
Per Capita	5,143		5,143
Real Estate Transfer	19,212		19,212
Earned Income	309,941		309,941
Local Services Tax	57,940		57,940
Mechanical Devices Tax	18,800		18,800
Business Privilege	4,032		4,032
Licenses and Permits	58,020		58,020
Interest and Rents	78,570		78,570
Intergovernmental Revenues	291,527		291,527
Miscellaneous	170,064		170,064
Transfers	<u>358,997</u>	<u>(358,997)</u>	
Total General Revenues and Transfers	<u>1,962,703</u>	<u>(358,997)</u>	<u>1,603,706</u>
Changes in Net Position	430,787	(156,813)	273,974
Net Position - Beginning	4,137,655	533,712	4,671,367
Net Position - Ending	<u>\$ 4,568,442</u>	<u>\$ 376,899</u>	<u>\$ 4,945,341</u>

The notes to the financial statements are an integral part of this statement.



BOROUGH OF TARENTUM, PENNSYLVANIA  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Liquid Fuels	Totals Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 92,584	\$ 102	\$ 92,686
Receivables:			
Taxes	603,307		603,307
Accounts - Customers, Net	40,272		40,272
Intergovernmental	2,117		2,117
Other	57,143		57,143
Total Assets	<u>795,423</u>	<u>102</u>	<u>795,525</u>
<u>Liabilities</u>			
Accounts Payable	74,552		74,552
Accrued Payroll and Withholdings	33,570		33,570
Due to Other Funds	89,456		89,456
Compensated Absences	65,892		65,892
Other	4,697		4,697
Total Liabilities	<u>268,167</u>		<u>268,167</u>
<u>Deferred Inflows of Resources</u>			
Taxes Receivable	520,115		520,115
Fees Collected in Advance	8,612		8,612
Total Deferred Inflows of Resources	<u>528,727</u>		<u>528,727</u>
<u>Fund Balances</u>			
Restricted:			
Public Works - Highways		102	102
Unassigned (Deficit)	(1,471)		(1,471)
Total Fund Balances	<u>(1,471)</u>	<u>102</u>	<u>(1,369)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 795,423</u>	<u>\$ 102</u>	<u>\$ 795,525</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Balance Sheet  
Governmental Funds  
December 31, 2014

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance (Deficit), Governmental Funds	\$ (1,369)
Capital Assets used in Governmental activities are not financial resources and therefore are not reported in the funds	4,410,206
Liabilities for earned revenues considered Deferred Inflows of Resources in fund statements	520,115
Other long term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	(756)
Long-term Liabilities used in Governmental activities are not financial uses and therefore are not reported in the funds:	
Long-term Debt	<u>(359,754)</u>
Net Position of Governmental Activities	<u><u>\$4,568,442</u></u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2014

	General	Liquid Fuels	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 1,124,579	\$	\$ 1,124,579
Licenses and Permits	60,926		60,926
Fines and Forfeits	58,535		58,535
Interest and Rents	86,428	143	86,571
Intergovernmental	190,116	102,589	292,705
Charges for Services	592,039		592,039
Miscellaneous	5,505		5,505
Total Revenues	<u>2,118,128</u>	<u>102,732</u>	<u>2,220,860</u>
<u>Expenditures</u>			
Current:			
General Government	134,617		134,617
Public Safety:			
Police	938,571		938,571
Fire	96,879		96,879
Code Enforcement	59,336		59,336
Other	30,434		30,434
Public Works - Sanitation	317,612		317,612
Public Works - Highways	672,904	131,448	804,352
Other Public Works - Parking	16,944		16,944
Culture and Recreation	55,218		55,218
Community Development	130,863		130,863
Debt Service	112,037		112,037
Miscellaneous	164,923		164,923
Total Expenditures	<u>2,730,338</u>	<u>131,448</u>	<u>2,861,786</u>
Deficiency of Revenues Over Expenditures	<u>(612,210)</u>	<u>(28,716)</u>	<u>(640,926)</u>
<u>Other Financing Sources (Uses)</u>			
Interfund Operating Transfers in	358,997		358,997
Refund of Prior Year Expenditures	3,355		3,355
Proceeds of General Long Term Debt	21,581		21,581
Sale of General Fixed Assets	161,103		161,103
Refund of Prior Year Revenues	(6,319)		(6,319)
Net Other Financing Sources (Uses)	<u>538,717</u>		<u>538,717</u>
Net Change in Total Fund Balances	<u>(73,493)</u>	<u>(28,716)</u>	<u>(102,209)</u>
Fund Balances, Beginning	<u>72,022</u>	<u>28,818</u>	<u>100,840</u>
Fund Balances, Ending	<u>\$ (1,471)</u>	<u>\$ 102</u>	<u>\$ (1,369)</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2014

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$(102,209)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are not allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay expenditures which were capitalized.	428,849
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The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Government Funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

New Long-Term Debt Issued	\$ (21,581)	
Principal Payments on Long-Term Debt	96,602	
Decrease in Accrued Interest Payable	151	75,172

Some tax revenues will not be collected for several months after the Borough's year end.

These are not considered "available" revenues in the Governmental Funds until received. The recognition of unavailable deferred revenue consist of real estate taxes.	28,975
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Change in Net Position of Governmental Activities	\$ 430,787
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The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Fund	Power Fund	Totals
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 197,408	\$ 139,213	\$ 336,621
Restricted Cash - Loan Proceeds	838,702		838,702
Accounts Receivable, Net	79,545	350,006	429,551
Due from General Fund		89,456	89,456
Due from Water Fund		7,910	7,910
Inventory		21,062	21,062
Total Current Assets	<u>1,115,655</u>	<u>607,647</u>	<u>1,723,302</u>
Noncurrent Assets:			
Capital Assets:			
Construction in Progress	51,081		51,081
Property, Plant, and Equipment	5,325,026	3,102,179	8,427,205
Accumulated Depreciation	(3,105,321)	(1,571,972)	(4,677,293)
Total Noncurrent Assets	<u>2,270,786</u>	<u>1,530,207</u>	<u>3,800,993</u>
Total Assets	<u>\$ 3,386,441</u>	<u>\$ 2,137,854</u>	<u>\$ 5,524,295</u>
<u>Deferred Outflows of Resources</u>			
Deferred Debt Expense, Net	<u>\$ 179,986</u>	<u>\$ 115,073</u>	<u>\$ 295,059</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 9,725	\$ 265,556	\$ 275,281
Wages Payable	13,109	1,555	14,664
Compensated Absences	20,208	3,252	23,460
Sales Tax Payable		4,283	4,283
Due to Power Fund	7,910		7,910
Interest Payable	40,982	26,658	67,640
Customer Deposits	90,060		90,060
Current Portion of Long Term Debt	117,321	122,438	239,759
Total Current Liabilities	<u>299,315</u>	<u>423,742</u>	<u>723,057</u>
Noncurrent Liabilities:			
Long Term Debt	<u>2,724,185</u>	<u>1,995,213</u>	<u>4,719,398</u>
Total Liabilities	<u>3,023,500</u>	<u>2,418,955</u>	<u>5,442,455</u>
<u>Net Position</u>			
Net Investment in Capital Assets	267,982		267,982
Unrestricted	274,945	(166,028)	108,917
Total Net Position (Deficit)	<u>\$ 542,927</u>	<u>\$ (166,028)</u>	<u>\$ 376,899</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Fund	Power Fund	Totals
<u>Operating Revenues</u>			
Charges for Services:			
Electric Sales	\$	\$ 3,983,021	\$ 3,983,021
Water Charges	1,170,294		1,170,294
Pole Attachment Fees		15,303	15,303
Meter Readings	6,121		6,121
Total Operating Revenues	<u>1,176,415</u>	<u>3,998,324</u>	<u>5,174,739</u>
<u>Operating Expenses</u>			
Distribution	179,712	3,155,913	3,335,625
Public Works - Street Lighting/Traffic Control		103,939	103,939
Plant	646,824		646,824
Administration	174,495	179,777	354,272
Depreciation	189,971	172,495	362,466
Total Operating Expenses	<u>1,191,002</u>	<u>3,612,124</u>	<u>4,803,126</u>
Operating Income (Loss)	<u>(14,587)</u>	<u>386,200</u>	<u>371,613</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest Income	2,087	253	2,340
Other Revenue	29,250	35,549	64,799
Interest Expense	(139,104)	(94,697)	(233,801)
Amortization Expense	(1,688)	(1,079)	(2,767)
Total Nonoperating Revenues (Expenses)	<u>(109,455)</u>	<u>(59,974)</u>	<u>(169,429)</u>
<u>Income (Loss) Before Transfers</u>	<u>(124,042)</u>	<u>326,226</u>	<u>202,184</u>
Transfer to General Fund		<u>(358,997)</u>	<u>(358,997)</u>
<u>Change in Net Position</u>	<u>(124,042)</u>	<u>(32,771)</u>	<u>(156,813)</u>
<u>Total Net Position (Deficit), Beginning</u>	<u>666,969</u>	<u>(133,257)</u>	<u>533,712</u>
<u>Total Net Position (Deficit), Ending</u>	<u>\$ 542,927</u>	<u>\$ (166,028)</u>	<u>\$ 376,899</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2014

	Business Type Activities - Enterprise Funds		
	Water Fund	Power Fund	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 1,304,163	\$ 4,062,641	\$ 5,366,804
Cash Payments to Suppliers, Vendors and Professionals	(471,934)	(3,371,142)	(3,843,076)
Cash Payments to Employees for Services	(408,080)	(57,174)	(465,254)
Other Payments on Behalf of Employees for Services	(121,355)	(13,375)	(134,730)
Other Revenues	7,203	9,544	16,747
<u>Net Cash Provided by Operating Activities</u>	<u>309,997</u>	<u>630,494</u>	<u>940,491</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Payments from General Fund		27,336	27,336
Transfer to General Fund		(358,997)	(358,997)
Payments from Water Fund		12,510	12,510
Payments to Power Fund	(12,510)		(12,510)
<u>Net Cash Used by</u> <u>Noncapital Financing Activities</u>	<u>(12,510)</u>	<u>(319,151)</u>	<u>(331,661)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and Construction of Capital Assets	(880,736)	(50,948)	(931,684)
Principal Paid on Long Term Debt	(112,020)	(118,500)	(230,520)
Interest Paid on Long Term Debt	(137,931)	(93,996)	(231,927)
<u>Net Cash Used from Capital and</u> <u>Related Financing Activities</u>	<u>(1,130,687)</u>	<u>(263,444)</u>	<u>(1,394,131)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest Income	2,087	253	2,340
<u>Net Cash Provided by Investing Activities</u>	<u>2,087</u>	<u>253</u>	<u>2,340</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(831,113)	48,152	(782,961)
Cash and Cash Equivalents at January 1	1,867,223	91,060	1,958,283
Cash and Cash Equivalents at December 31	<u>\$ 1,036,110</u>	<u>\$ 139,212</u>	<u>\$ 1,175,322</u>
<u>Reconciliation of Cash and Cash Equivalents</u> <u>to the Statement of Net Position</u>			
Cash and Cash Equivalents	\$ 197,408	139,212	336,620
Restricted Cash - Loan Proceeds	838,702		838,702
	<u>\$ 1,036,110</u>	<u>\$ 139,212</u>	<u>\$ 1,175,322</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Fund	Power Fund	Totals
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	\$ (14,587)	\$ 386,200	\$ 371,613
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	189,971	172,495	362,466
Other Revenue	23,350	35,549	58,899
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	112,378	39,772	152,150
Increase (Decrease) in Accounts Payable	3,012	(8,126)	(5,114)
Increase in Wages Payable	651	208	859
Increase in Sales Tax Payable		4,283	4,283
Increase (Decrease) in Compensated Absences	(4,001)	113	(3,888)
Decrease in Customer Deposits	(777)		(777)
Total Adjustments	<u>324,584</u>	<u>244,294</u>	<u>568,878</u>
Net Cash Provided by Operating Activities	<u>\$ 309,997</u>	<u>\$ 630,494</u>	<u>\$ 940,491</u>

The notes to the financial statements are an integral part of this statement.



BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2014

	Police Pension Trust Fund	Agency Fund
<u>Assets</u>		
Cash and Cash Equivalents	\$ 51,797	\$ 1,103
Investments, at Fair Value	2,205,761	
Due from Other Governments	1,538	
<u>Total Assets</u>	<u>2,259,096</u>	<u>1,103</u>
<u>Liabilities</u>		
Due to Depositors		1,103
<u>Total Liabilities</u>		<u>1,103</u>
Net Position-Retricted for Pension Benefits (1)	<u>\$ 2,259,096</u>	<u>\$</u>

(1) A schedule of funding progress for the plan is presented in the required supplementary information section of this report.

The notes to the financial statements are an integral part of this statement.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended December 31, 2014

	Police Pension Trust Fund
<u>Additions:</u>	
Contributions:	
Employer	\$69,321
Investment Income:	
Investment Gains	98,383
Net Depreciation in Fair Value of Investments	<u>(21,052)</u>
Net Investment Income	<u>77,331</u>
<u>Total Additions</u>	\$146,652
<u>Deductions:</u>	
Benefits	92,900
Administrative Expenses	<u>2,282</u>
<u>Total Deductions</u>	<u>95,182</u>
Change in Net Position	51,470
Net Position-Restricted for Pension Benefits:	
Beginning of Year	<u>2,207,626</u>
End of Year	<u><u>\$ 2,259,096</u></u>

The notes to the financial statements are an integral part of this statement.

## **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. General Statement**

The Borough of Tarentum was incorporated March 7, 1842, under the provisions of the Commonwealth of Pennsylvania P.L.320. The Borough operates under a Council-Mayor form of government and provides the following services as authorized by its charter: Public safety- police and fire, highways and streets, culture-recreation, public improvements, planning and zoning, water and electric service, sanitation, health and social services, and general administrative services.

The financial statements of the Borough have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

### **B. Financial Reporting Entity**

The Borough's basic financial statements include the accounts of all Borough operations. The criteria for including organizations as component units within the Borough's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

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

Based on the aforementioned criteria, the Borough has no component units.

### **C. Basis of Presentation**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Borough except for Fiduciary Funds. As a general rule the effect of Interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

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

Fund Financial Statements:

The Borough segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate statements are presented for governmental, proprietary activities, and fiduciary funds. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Borough has presented the following major governmental funds:

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

Liquid Fuels Fund – established as a special revenue fund to hold and account for the Borough's share of Pennsylvania's liquid fuels tax allocation to be used for highway expenditures.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Borough has presented the following major proprietary funds:

Water Fund – used to account for the provision of water service to the residents of the Borough. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Power Fund – used to account for the provision of electric service to the residents of the Borough. Activities of the fund include administration, operations and maintenance of the electric system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for electric debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Other Fund Types

The Borough also reports the following fund types:

Pension Trust Fund – report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. The Borough's pension trust fund contains the police pension plan. Pension trust fund recognizes employer and participant contributions in the period in which contributions are due and the Borough has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Agency Fund – accounts for fiduciary assets held by the Borough in a custodial capacity as an agent on behalf of others. The Borough's agency fund is the recreation fund.

#### D. Measurement Focus/Basis of Accounting

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

The government-wide statements and fund financial statements for proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measureable and available. "Measureable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Borough considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

#### E. Budgetary Control

Annual budgets are adopted for all governmental funds. Beginning at least thirty days prior to the adoption of the budget a proposed budget or annual estimate of revenues and expenditures for the ensuing year shall be prepared in a manner designated by the Borough council. The proposed budget shall be kept on file with the Borough secretary, and by the secretary be made available for public inspection for a period of ten days. After the expiration of the ten days, council shall make such revision in the budget as shall be deemed advisable. Council must complete and adopt by motion of council, the budget no later than December thirty-first of the year prior to the budget year. The council in its reasonable discretion may, in any year, by motion, modify the budget after its final adoption. New appropriations, supplementary appropriations and transfers from one appropriation to another may be made during the fiscal year provided it is within the current year's revenues, or the money thereof promptly made available through borrowing as allowed by law.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. The budgets for the operating funds are prepared on the accrual basis. The required supplementary information of the Schedules of Revenues, Changes in Fund Balance – Budget and Actual present a comparison of budgetary data to actual results.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

F. Cash and Investments

The Borough considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value, which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note (2).

G. Inventories

The inventories in the power fund consist of supplies. They are recorded at cost using the first-in/first-out method. The cost of these inventories is expensed when consumed rather than when purchased.

H. Transactions between Funds

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

I. Capital Assets and Depreciation

Historical cost records for the Borough's property, plant, equipment, and infrastructure are incomplete or not available for the governmental funds and are not reported in the government-wide financial statements except for additions subsequent to December 31 2003. Generally accepted accounting principles and Governmental Accounting Standards Board pronouncements require that the cost of property, plant, equipment, and infrastructure be depreciated over the estimated useful lives of the assets. The effect of this departure from generally accepted accounting principles and Governmental Accounting Standards Board pronouncements on the financial statements has not been determined.

Proprietary capital assets are reported in their fund financial statements and government-wide-financial statements. Donated assets are stated at fair value on the date donated. The Borough generally capitalizes assets with cost of \$1,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

Prior to December 31, 1980, the major general fixed assets in the Enterprise Water Fund were recorded on an "actual cash value basis" contained in a current insurance appraisal report and are included in the accompanying statements at those values. All fixed assets acquired after January 1, 1981 are reported at cost. As such, these funds are not prepared in conformity with generally accepted accounting principles.

Proprietary fund capital assets are depreciated over the estimated useful lives using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	15 to 20 years
Machinery and Equipment	5 to 30 years
Vehicles	3 to 5 years

Construction in progress represents cost of \$51,081 associated with the water fund water tank improvements.

J. Deferred outflows/inflows of resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense of expenditure until then. The Borough has one item that meets this criterion, a deferred debt expense for Water and Electric Refunding bonds. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Borough has one item that meets the criterion for this category – prepaid fees on utility bills.

K. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Borough. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.



L. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the government fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

- Nonspendable fund balance-amounts that are not in a spendable form (such as prepaid insurance) or are required to be maintained intact.
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance-amounts that are available for any purpose.

Borough Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Borough Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

M. Deficit Net Position

General Fund - deficit net position of \$(1,471) is the result of expenditures exceeding revenues.

Power Fund - deficit net position of \$(166,028) is the result of interfund transfers to the General Fund.

N. Accounting Estimates

The preparation of financial statements in conformity with U.S. 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 expenditures during the reporting period. Actual results could differ from the estimates.

O. Long-term Debt and Deferred Debt Expense

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt is capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Issuance costs are reported as expenditures if incurred.

**(2) DEPOSITS AND INVESTMENTS**

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of December 31, 2014, \$1,054,446 of the Borough's bank balance of \$1,304,446 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Borough's name	<u>\$1,054,446</u>
--	--------------------

Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

In addition to the deposits noted above, included in cash and cash equivalents are short term investments similar to money market funds of \$7,760. The fair value of the Borough's investments is the same as their carrying amount.

These funds are invested with the Pennsylvania Local Government Investment Trust (PLGIT). All participant deposits are invested directly in a portfolio of securities, which are held by a third party custodian in accordance with GASB requirements.

The Trust invests in two basic types of federal securities: obligations backed by the full faith and credit of the United States Government, and short-term obligations of the United States Government or its agencies or instrumentalities (which may or may not be backed by the full faith and credit of the United States Government).

The Trust, and the investment market as a whole, views obligations of the United States Government and its agencies and instrumentalities as very safe investments.

The Trust also utilizes repurchase agreements in investing in these federal securities. A repurchase agreement involves the sale of securities to the Trust under an agreement in which the seller agrees to repurchase the securities on a particular date for a particular price. The price establishes the yield the Trust will earn on the transaction.

The Trust takes several important steps to enhance the safety of the repurchase agreements. First, the Trust enters into repurchase agreements only with dealers in U.S. Government securities who are recognized as "primary dealers" by the Federal Reserve System or with commercial banks having assets in excess of \$1 billion. Second, the securities being purchased must be the type of federal securities described above. Third, the securities being purchased must have a market value at least equal to the amount of the repurchase agreement investment plus the accrued yield on the investment. This market value is checked daily and the seller is required to provide additional securities or money if the value of the securities declines below the amount required under the repurchase agreement. Fourth, all the securities are delivered to an account of the Trust at the Trust's custodian or at another custodian agreed to be the Trust and the seller.

The Trust does not engage in "reverse" repurchase agreements and does not invest in any exotic derivatives.

The Trust is authorized to invest in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or not backed by the full faith and credit of the Commonwealth if otherwise authorized for investment by the statute creating any agency or instrumentality of the Commonwealth issuing such obligations and of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

The Trust is also authorized to invest in certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law. When collateral is required for certificates of deposit in excess of insurance limits, the requirements of Act 72 of 1971, as amended, will be followed with respect to pooling, custody and type of collateral. Although Act 72 might permit the collateral to be valued as a percentage of face value and not market value, the Trust requires that the depository agree to value collateral at its market value if market value is less than face value. In 2000, Act 72 was amended to permit a depository to obtain a letter of credit from a Federal Home Loan Bank in lieu of pledging collateral.

Finally, the Trust may invest in certain investment companies registered under the Investment Company Act of 1940, provided the only investments of that company are in instruments which are authorized investments of the Trust, the investment company is managed to maintain a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency.

**B. Investments**

Investments held by the police pension trust fund are stated at fair value as quoted by the trustees of the fund, John Hancock Life Insurance Company, Adirondack Trading Group, LLC, and Jackson National Life Insurance Company.

**Interest Rate Risk**

The Borough meets with its advisors on a regular basis as a means of managing its exposure to fair value losses arising from increasing interest rates.

**(3) RESTRICTED CASH**

Restricted cash in the water fund consist of proceeds from debt issuance for capital projects.

**(4) RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE**

**A. Enterprise Receivables and Uncollectible Accounts**

Significant receivables include amounts due from customers primarily for utility services. The general fund and enterprise funds report accounts receivable net of allowance for uncollectible accounts and revenues net of uncollectible. The allowance amount is estimated using accounts receivable past due. Related amounts are shown in the following table:

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

	General Fund	Enterprise Funds		
	Refuse	Water Fund	Power Fund	Total
Accounts Receivable	\$ 43,772	\$ 83,745	\$ 363,906	\$ 491,423
Less: Allowance for Uncollectibles	3,500	4,200	13,900	21,600
Net Accounts Receivable	<u>\$ 40,272</u>	<u>\$ 79,545</u>	<u>\$ 350,006</u>	<u>\$ 469,823</u>

B. Property taxes receivable, deferred revenue, and property tax calendar

Property taxes are assessed and collected by an elected tax collector. In the last months of the year the county (appraisal district) estimates the tax roll to the Borough. The Borough Council then sets the tax rates to be applied to the tax roll. The county generates the final tax roll in February of the current year. The school district prints the bills for the elected tax collector and then the tax collector bills the taxpayers by March 1 of each year. A discount of 2% of the gross tax is available for taxes paid on or before April 30<sup>th</sup>. The face amount is payable until June 30. After June 30, a 10% penalty is added to the face.

The tax rate assessed for 2014 is 5.48 mills for general borough purposes on the dollar of the valuation assessed for county purposes of real property located in the Borough.

According to the county property assessment records, the 2014 taxable assessed value of real property located in the Borough was \$107,991,710.

In the governmental fund financial statements, property taxes receivable are recorded in the year they are billed. At year-end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Borough regardless of when cash is received.

## **(5) CAPITAL ASSETS**

### A. Changes in Capital Assets

As explained in Note (1) I., historical cost records are incomplete or not available for governmental funds.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

The following table provides a summary of changes in capital assets for the business-type activities consisting of the water and electric funds:

	<b>Buildings</b>	<b>Infrastructure and other Improvements other than Buildings</b>	<b>Furniture, Machinery and Equipment</b>	<b>Totals</b>
<b>Water Fund</b>				
Balance, December 31, 2013	\$ 1,004,851	\$ 2,021,462	\$ 1,398,036	\$ 4,424,349
Increases		894,897	5,780	900,677
Decreases				
Balance, December 31, 2014	<u>1,004,851</u>	<u>2,916,359</u>	<u>1,403,816</u>	<u>5,325,026</u>
<b>Accumulated Depreciation</b>				
Balance, December 31, 2013	846,880	1,372,507	695,963	2,915,350
Increases	11,539	56,052	122,380	189,971
Decreases				
Balance, December 31, 2014	<u>858,419</u>	<u>1,428,559</u>	<u>818,343</u>	<u>3,105,321</u>
Capital Assets, Net	<u>146,432</u>	<u>1,487,800</u>	<u>585,473</u>	<u>2,219,705</u>
	<b>Buildings</b>	<b>Infrastructure and other Improvements other than Buildings</b>	<b>Furniture, Machinery and Equipment</b>	<b>Totals</b>
<b>Power Fund</b>				
Balance, December 31, 2013	42,259	2,750,019	258,953	3,051,231
Increases		9,721	41,227	50,948
Decreases				
Balance, December 31, 2014	<u>42,259</u>	<u>2,759,740</u>	<u>300,180</u>	<u>3,102,179</u>
<b>Accumulated Depreciation</b>				
Balance, December 31, 2013	15,207	1,158,435	225,835	1,399,477
Increases	1,365	159,177	11,953	172,495
Decreases				
Balance, December 31, 2014	<u>16,572</u>	<u>1,317,612</u>	<u>237,788</u>	<u>1,571,972</u>
Capital Assets, Net	<u>25,687</u>	<u>1,442,128</u>	<u>62,392</u>	<u>1,530,207</u>
<b>Business-Type Activities</b>				
Capital Assets, Net	<u>\$ 172,119</u>	<u>\$ 2,929,928</u>	<u>\$ 647,865</u>	<u>\$ 3,749,912</u>

## (6) LONG-TERM OBLIGATIONS

### A. Capital Leases

The Borough has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on December 27, 2011 to lease water and electric meters and requires 20 semiannual payments of \$72,813 starting December 1, 2012. The second agreement was executed on April 12, 2012 to lease a 2008 fire truck and requires 84 monthly payments of \$4,798. The third agreement was executed on May 4, 2012 to lease street lights and requires 84 monthly payments of \$3,008. The fourth agreement was executed on May 31, 2012 to lease a police vehicle and requires 36 monthly payments of \$823. The fifth agreement was executed on August 6, 2012 to lease a police vehicle and requires 36 monthly payments of \$612. The sixth agreement was executed on July 25, 2013 to lease a street sweeper and requires 60 monthly payments of \$2,670. The seventh agreement was executed on April 18, 2013 to lease a Ford F550 Truck and requires 60 monthly payments of \$1,260. The eighth agreement was executed on April 28, 2014 to lease a police vehicle and requires 36 monthly payments of \$631. In all agreements, title passes to the Borough at the end of the lease term.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 303,044
2016	294,016
2017	288,341
2018	260,353
2019	179,858
2020-2022	364,064
Total Minimum Lease Payments	1,689,676
Less: Amount Representing Interest	160,764
Present Value of the Minimum Lease Payments	<u>\$ 1,528,912</u>

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

B. General Obligation Bonds:

Serviced by the Water and Power Fund:

\$4,045,000 General Obligation Bonds, Series of 2011, to refinance General Obligation Note Series of 1998 and fund Water Fund projects, payable in annual installments of \$45,000 to \$255,000 through September 2041 (61% Water Fund and 39% Power Fund) with interest computed at rates ranging from 2.000% to 5.625% and is payable semi-annually commencing September 1, 2011 and continuing March 1, and September 1 each year through 2041. \$3,790,000

Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 194,213	\$ 269,213
2016	75,000	192,338	267,338
2017	80,000	190,275	270,275
2018	80,000	187,875	267,875
2019	85,000	185,075	270,075
2020-2024	475,000	868,038	1,343,038
2025-2029	605,000	737,744	1,342,744
2030-2034	790,000	560,456	1,350,456
2035-2039	1,030,000	318,500	1,348,500
2040-2041	495,000	42,188	537,188
Total	<u>\$ 3,790,000</u>	<u>\$ 3,476,702</u>	<u>\$ 7,266,702</u>



BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

C. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

	Balance January 1, 2014	Issued	Retired	Balance December 31, 2014	Due Within One Year
<u>Governmental Activities</u>					
Lease Purchase-Street Sweeper	\$ 132,290	\$	\$ 27,470	\$ 104,820	\$ 28,537
Lease Purchase-Fire Truck	277,539		47,850	229,689	49,701
Lease Purchase-Police Vehicle	11,293		7,059	4,234	4,234
Lease Purchase-Police Vehicle	13,653		9,571	4,082	4,082
Lease Purchase-Police Vehicle		21,581	4,652	16,929	7,087
Compensated Absences	57,607	65,892	57,607	65,892	65,892
Total Governmental Activities	492,382	87,473	154,209	425,646	159,533
<u>Business-type Activities</u>					
General Obligation Note					
Series 2011	3,860,000		70,000	3,790,000	75,000
Lease Purchase-Water and					
Electric Meters	1,075,825		111,983	963,842	115,607
Lease Purchase - Street Lights	192,839		35,209	157,630	35,385
Lease Purchase - Water Truck	61,013		13,328	47,685	13,767
Compensated Absences	27,347	23,460	27,347	23,460	23,460
Total Business-type Activities	5,217,024	23,460	257,867	4,982,617	263,219
Total Government	\$ 5,709,406	\$ 110,933	\$ 412,076	\$ 5,408,263	\$ 422,752

**(7) BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY**

A. Receivables and Payables

Outstanding balances between funds reported as “due to/from other funds” are for payments made by one fund on behalf of another fund.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances.”

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

The following schedule reports receivable and payables within the reporting entity at year-end:

<u>Due From:</u>	<u>Due To:</u>		
	<u>Business-type Activities</u>		<u>Total</u>
	<u>Water Fund</u>	<u>Power Fund</u>	<u>Due From</u>
Governmental Activities:			
General Fund		\$ 89,456	\$ 89,456
Business-type Activities:			
Water Fund		7,910	7,910
Total Due to	<u>\$</u>	<u>\$ 97,366</u>	<u>\$ 97,366</u>

**B. Transfers and Payments**

Transfers and payments within the reporting entity are for the purpose of subsidizing operating functions.

The governmental-wide statement of activities eliminates transfers reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following schedule reports transfers and payments within the reporting entity:

<u>Transfers From</u>	<u>Transfers To</u>
	<u>Governmental Activities</u>
	<u>General Fund</u>
Business-type Activities:	
Power Fund	\$ 358,997
Total Transfers to	<u>\$ 358,997</u>

**(8) RETIREMENT PLANS**

**A. Police Pension Plan**

Plan descriptions, contribution information, and funding policies

The Borough reporting entity participates in a single-employer, defined benefit, public employee retirement system which is the police pension plan. Assets are held separately and may be used only for the payment of benefits to the members of the plan, as shown below.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

The police pension plan provides retirement benefits and disability benefits when the disability is incurred in the line of duty for substantially all full-time police officers. Unless otherwise indicated, the police pension plan information in this note is provided as of the latest actuarial valuation, January 1, 2015.

Actuarial valuations are performed bi-annually in accordance with Pennsylvania Act 205 and Act 600, which covers police pension plans. For additional information relating to basis of accounting and reported investment values, see Notes (1) C. and (2).

Memberships of the plan is as follows:

Active members	7
Retirees and beneficiaries currently receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	<u>1</u>
Total	<u>12</u>

Annual required contributions

Actuarial assumptions and other information used to determine the annual required contributions (ARC) for the plan is located in the *Required Supplementary Information* section of this report.

Annual pension cost, net pension obligation, and trend information

Current year annual pension cost, net pension obligation and trend information

Fiscal <u>Year</u>	Annual Pension <u>Cost</u>	Percentage <u>Contributed</u>	Net Pension <u>Obligation (NPO)</u>
2014	\$ 69,321	100%	
2013	86,203	100%	
2012	71,459	105%	
2011	75,703	100%	
2010	49,302	100%	
2009	44,626	100%	
2008	45,548	100%	

B. Nonuniformed Pension Plan

Pension descriptions, contribution information, and funding policies

The nonuniformed pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 07-09 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

Membership of the plan consisted of the following at December 31, 2014:

Active members	18
Retirees and beneficiaries currently receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	<u>2</u>
Total	<u>37</u>

Contributions and trend information

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation.

In accordance with the plan's governing ordinance, members are required to contribute 3.5% of compensation to the plan.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

BOROUGH OF TARENTUM, PENNSYLVANIA  
Notes to the Financial Statements  
For Year Ended December 31, 2014

Actuarial assumptions and other information used to determine the annual required contributions (ARC) for the plan is located in the Required Supplementary Information section of this report.

<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Actuarial Valuation Date</u> <u>Basis for Contributions</u>	<u>Percentage</u> <u>Contributed</u>
2014	\$ 56,979	2011	100
2013	61,499	2011	100
2012	70,941	2009	100
2011	68,056	2009	100
2010	81,191	2007	100
2009	80,668	2007	100

#### **(9) OTHER POST-EMPLOYMENT BENEFITS**

In addition to pension benefits described in Note (7) the Borough provides certain post-employment benefits to eligible retirees as provided in Borough police and non-uniform employee agreements.

All retired police officers and non-uniform employees shall be provided a life insurance policy with a death benefit of five thousand (\$5,000). The Borough funds the benefit on a pay-as-you-go-basis.

The Borough will pay the premium for the continuation of the existing health care plan for non-uniforms employees eligible for early retirement. The continuation of said benefit shall be provided for a period not to exceed three (3) years from eligibility age 62 to the employee's 65<sup>th</sup> birthday. The Borough funds the benefit on a pay-as-you-go basis.

#### **(10) MAJOR CUSTOMERS AND ECONOMIC DEPENDENCY**

A major percentage of total water fund billing stems from one customer. During 2014 this customer accounted for annual billings of \$389,236, which represents approximately 34% of total billings. In addition, one customer accounted for power fund revenues in 2014 of \$451,385 or 12% of total revenues.

#### **(11) RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Borough to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

BOROUGH OF TARENTUM, PENNSYLVANIA  
Required Supplementary Information  
Police Pension Plan  
(Unaudited)

I. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (A)	Actuarial Accrued Liability(AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/03	2,052,335	1,507,049	(545,286)	136.18%	400,861	-136.03%
01/01/05	2,133,603	1,667,625	(465,978)	127.94%	329,175	-141.56%
01/01/07	2,112,815	1,612,671	(500,144)	131.01%	366,280	-136.55%
01/01/09	2,054,144	1,852,405	(201,739)	110.89%	420,666	-47.96%
01/01/11	2,123,858	1,944,428	(179,430)	109.23%	456,126	-39.34%
01/01/13	2,311,992	2,104,165	(207,827)	109.88%	482,148	-43.10%
01/01/15	2,547,447	2,231,859	(315,588)	114.14%	511,892	-61.65%

II. Notes to Required Supplementary Information

Valuation Date	01/01/15
Actuarial Cost Method	Entry age normal
Amortization Method	Funding adjustment is 10% of unfunded actuarial accrued liability
Asset Valuation Method	Method described in Act 205, Section 201(A) Asset Corridor +/- 20%
Actuarial Assumptions:	
Interest Rate	7.0% Pre-Retirement 7.0% Post-Retirement
Projected Salary Increases	5.00% Pre-Retirement
Rates of Withdrawal Mortality	2015 IRS OPTCOMB

BOROUGH OF TARENTUM, PENNSYLVANIA  
Required Supplementary Information  
Pennsylvania Municipal Retirement System  
Non Uniform Employees Pension Plan  
(Unaudited)

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (A)	Actuarial Accrued Liability(AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/03	2,549,326	2,538,293	(11,033)	100.43%	751,703	-1.47%
01/01/05	2,879,839	2,990,759	110,920	96.29%	816,276	13.59%
01/01/07	3,062,321	3,316,645	254,324	92.33%	754,102	33.73%
01/01/09	3,569,293	3,655,646	86,353	97.64%	808,010	10.69%
01/01/11	3,929,928	3,987,511	57,583	98.56%	850,293	6.77%
01/01/13	4,441,457	4,695,710	254,253	94.59%	817,406	31.10%

II. Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the actuarial latest valuation date used to determine the Annual Required Contribution (ARC) is as follows:

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method:	Entry age, Normal
Amortization Method:	Level Dollar Closed
Remaining Amortization Period:	9.18 years
Asset Valuation Method:	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	5.5%
Projected Salary Increases*	Age-Related Scale for Merit/Seniority (e.g. Age 30-6.4%; Age 40-5.0%; Age 50 - 4.1%; Age 60-3.7%...2.0% is added for each of the first 3 years of service)
* Includes Inflation at	3.00%



## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2014

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Real Estate	\$ 505,000	\$ 505,000	\$ 544,208	\$ 39,208
Regional Asset District Sales Tax	150,000	150,000	148,029	(1,971)
Per Capita	8,400	8,400	8,543	143
Real Estate Transfer	15,000	15,000	19,212	4,212
Earned Income	300,000	300,000	309,941	9,941
Local Services	40,000	40,000	57,940	17,940
Mechanical Devices	17,400	17,400	18,800	1,400
Business Privilege	4,300	4,300	4,031	(269)
Penalty and Interest	5,100	5,100	13,875	8,775
Total Taxes	1,045,200	1,045,200	1,124,579	79,379
Licenses and Permits:				
Cable Television Franchise	55,000	55,000	58,020	3,020
Street and Curb Permits	5,000	5,000	1,108	(3,892)
Demolition Permits	100	100	104	4
Soliciting Permits	50	50	825	775
Sign Permit	100	100	869	769
Total Licenses and Permits	60,250	60,250	60,926	676
Fines and Forfeits:				
Magistrate	60,000	60,000	47,006	(12,994)
County Clerk	4,000	4,000	7,178	3,178
Restitutions	500	500	125	(375)
Commonwealth of PA	3,000	3,000	2,416	(584)
Parking Tickets	4,000	4,000	1,810	(2,190)
Total Fines and Forfeits	71,500	71,500	58,535	(12,965)
Interest and Rents:				
Interest Income	2,000	2,000	264	(1,736)
Rent - Train Station	6,000	6,000	8,000	2,000
Rent - Radio Equipment	30,418	30,418	29,695	(723)
Rent - Comcast Lease	15,209	15,209	15,209	
Rent - Boat Docks	18,000	18,000	18,500	500
Rent - Tax Office	1,500	1,500	1,500	
Rent - Borough Property			9,814	9,814
Rebates and Commissions			3,446	3,446
Total Interest and Rent	73,127	73,127	86,428	13,301

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues (continued):				
Intergovernmental :				
Federal Grants	\$	\$	\$ 22,400	\$ 22,400
County Grants			5,000	5,000
Public Utility Reality Tax	1,200	1,200	1,246	46
Alcoholic Beverage Licenses	2,250	2,250	2,250	
General Municipal Pension System Aid			134,950	134,950
Foreign Fire Insurance	20,179	20,179	19,218	(961)
Payment in Lieu of Taxes	3,000	3,000	3,946	946
Marcellus Shale Impact Fee			1,106	1,106
Total Intergovernmental	<u>26,629</u>	<u>26,629</u>	<u>190,116</u>	<u>163,487</u>
Charges for Services:				
Public Hearing Fees	750	750	194	(556)
Real Estate Tax Liens	1,500	1,500	1,520	20
Sale of Zoning Copies	15	15	60	45
Lien Letters	1,500	1,500	2,310	810
Copies of Municipal Records	10	10	3	(7)
Copies of Accident Reports	1,500	1,500	1,682	182
Building Permits	5,000	5,000	4,851	(149)
Occupancy Permits	8,000	8,000	9,044	1,044
School Crossing Guards	16,000	16,000	18,951	2,951
Parking Meters	8,500	8,500	4,906	(3,594)
Parking Permits	20,000	20,000	17,150	(2,850)
PENNDOT Snow Contract	10,183	10,183	11,248	1,065
Solid Waste Collection/Trash	395,000	395,000	375,042	(19,958)
Delinquent Fee	10,000	10,000		(10,000)
NSF Check Fees	500	500	344	(156)
Contracted Street Services			6,900	6,900
Police Services			2,809	2,809
EPA Surcharge Fee	137,400	137,400	135,025	(2,375)
Total Charges for Services	<u>615,858</u>	<u>615,858</u>	<u>592,039</u>	<u>(23,819)</u>
Other Operating Revenues:				
Donation from Private Sources			5,100	5,100
Miscellaneous Income	500	500	405	(95)
Total Other Operating Revenues	<u>500</u>	<u>500</u>	<u>5,505</u>	<u>5,005</u>
Total Revenues	<u>\$1,893,064</u>	<u>\$ 1,893,064</u>	<u>\$ 2,118,128</u>	<u>\$ 225,064</u>

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Council:				
Personal Services	\$ 3,768	\$ 3,768	\$ 3,768	\$
Supplies	100	100	10	90
Services and Charges	7,317	7,317	3,808	3,509
Total Council	<u>11,185</u>	<u>11,185</u>	<u>7,586</u>	<u>3,599</u>
Mayor:				
Personal Services	538	538	538	
Services and Charges	890	890	355	535
Total Mayor	<u>1,428</u>	<u>1,428</u>	<u>893</u>	<u>535</u>
Financial Administration:				
Services and Charges	<u>6,250</u>	<u>6,250</u>	<u>6,968</u>	<u>(718)</u>
Tax Collection:				
Personal Services	14,533	14,533	14,003	530
Supplies	250	250	161	89
Services and Charges	6,308	6,308	1,852	4,456
Capital Charges			1,998	(1,998)
Total Tax Collection	<u>21,091</u>	<u>21,091</u>	<u>18,014</u>	<u>3,077</u>
Solicitor/Legal Services:				
Services and Charges	<u>9,770</u>	<u>9,770</u>	<u>6,803</u>	<u>2,967</u>
Manager:				
Personal Services	26,859	26,859	28,472	(1,613)
Services and Charges	1,304	1,304	1,542	(238)
Total Manager	<u>28,163</u>	<u>28,163</u>	<u>30,014</u>	<u>(1,851)</u>
Office Staff:				
Personal Services	38,212	38,212	36,522	1,690
Supplies	1,250	1,250	1,613	(363)
Services and Charges	17,139	17,139	18,850	(1,711)
Capital Charges	500	500		500
Total Office Staff	<u>57,101</u>	<u>57,101</u>	<u>56,985</u>	<u>116</u>
Information Technology:				
Services and Charges	<u>150</u>	<u>150</u>	<u>1,144</u>	<u>(994)</u>

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures (continued):				
General Government (continued):				
Buildings:				
Supplies	\$ 500	\$ 500	\$ 466	\$ 34
Services and Charges	8,965	8,965	5,744	3,221
Capital Charges	1,000	1,000		1,000
Total Buildings	10,465	10,465	6,210	4,255
Total General Government	145,603	145,603	134,617	10,986
Public Safety:				
Police:				
Personal Services	783,690	783,690	799,202	(15,512)
Supplies	43,000	43,000	50,962	(7,962)
Services and Charges	66,161	66,161	66,826	(665)
Capital Charges	17,215	17,215	21,581	(4,366)
Total Police	910,066	910,066	938,571	(28,505)
Fire:				
Supplies	9,000	9,000	9,000	
Services and Charges	54,894	54,894	35,661	19,233
Contributions and Subsidies	53,179	53,179	52,218	961
Capital Charges	57,576	57,576		57,576
Total Fire	174,649	174,649	96,879	77,770
Code Enforcement:				
Personal Services	49,382	49,382	52,752	(3,370)
Supplies	3,700	3,700	3,279	421
Services and Charges	18,762	18,762	3,305	15,457
Total Code Enforcement	71,844	71,844	59,336	12,508
Zoning:				
Supplies	250	250	275	(25)
Services and Charges	50,000	50,000	2,805	47,195
Total Zoning	50,250	50,250	3,080	47,170
Emergency Management:				
Services and Charges	500	500	2,608	(2,108)
Animal Enforcement:				
Services and Charges	2,500	2,500	2,310	190
Crossing Guards:				
Personal Services	25,010	25,010	21,786	3,224
Services and Charges	3,762	3,762	650	3,112
Total Crossing Guards	28,772	28,772	22,436	6,336
Total Public Safety	1,238,581	1,238,581	1,125,220	113,361

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Public Works - Sanitation:				
Solid Waste Collection and Disposal:				
Services and Charges	\$280,000	\$280,000	\$317,612	\$ (37,612)
Wastewater/Sewage Collection:				
Services and Charges	50,000	50,000		50,000
Total Public Works - Sanitation	330,000	330,000	317,612	12,388
Public Works - Highways:				
Street - General Services:				
Personal Services	376,562	376,562	413,836	(37,274)
Supplies	42,200	42,200	39,305	2,895
Services and Charges	38,282	38,282	39,069	(787)
Capital Charges	25,000	25,000		25,000
Total Street - General Services	482,044	482,044	492,210	(10,166)
Cleaning of Streets:				
Supplies	3,000	3,000	2,611	389
Services and Charges	3,000	3,000	5,819	(2,819)
Capital Charges	32,040	32,040		32,040
Total Cleaning of Streets	38,040	38,040	8,430	29,610
Winter Maintenance:				
Supplies	25,000	25,000	39,960	(14,960)
Services and Charges	2,500	2,500	4,014	(1,514)
Capital Charges	5,000	5,000		5,000
Total Winter Maintenance	32,500	32,500	43,974	(11,474)
Traffic Control Devices:				
Supplies	5,000	5,000	3,415	1,585
Sewers:				
Services and Charges	55,000	55,000	97,249	(42,249)
Repairs of Tools and Machinery:				
Services and Charges	500	500	959	(459)
Maintenance and Repairs of Roads:				
Supplies			7,902	(7,902)
Services and Charges			1,879	(1,879)
Total Maintenance and Repairs of Roads			9,781	(9,781)
Highway Construction Projects:				
Capital Charges	50,000	50,000	16,886	33,114
Total Public Works - Highway	663,084	663,084	672,904	(9,820)

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Public Works - Other Services:				
Parking Facilities:				
Supplies	\$ 300	\$ 300	\$ 202	\$ 98
Services and Charges	5,263	5,263	16,742	(11,479)
Total Parking Facilities	5,563	5,563	16,944	(11,381)
Total Public Works - Other Services	5,563	5,563	16,944	(11,381)
Culture and Recreation:				
Recreation Board:				
Contribution			6,950	(6,950)
Parks:				
Supplies	6,000	6,000	7,527	(1,527)
Services and Charges	19,600	19,600	30,218	(10,618)
Total Parks	25,600	25,600	37,745	(12,145)
Libraries:				
Contributions and Subsidies	8,000	8,000	8,000	
Civil Celebrations:				
Supplies	2,000	2,000	2,523	(523)
Total Culture and Recreation	35,600	35,600	55,218	(19,618)
Community Development:				
Community Development:				
Supplies	1,000	1,000	2,915	(1,915)
Services and Charges			3,563	(3,563)
Capital Charges	75,000	75,000	124,385	(49,385)
Total Community Development	76,000	76,000	130,863	(54,863)
Debt Service:				
Principal			97,904	(97,904)
Interest			14,133	(14,133)
Total Debt Service			112,037	(112,037)
Employer Paid Benefits:				
Retirement Fund Contributions	56,999	56,999	57,039	(40)
Retiree Insurance	37,043	37,043	38,716	(1,673)
Unemployment Compensation	6,500	6,500	6,646	(146)
Total Employer Paid Benefits	100,542	100,542	102,401	(1,859)
Insurances:				
Services and Charges	29,311	29,311	62,522	(33,211)

## BOROUGH OF TARENTUM, PENNSYLVANIA

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Total Expenditures	\$2,624,284	\$ 2,624,284	\$2,730,338	\$ (106,054)
Deficiency of				
Revenues over Expenditures	(731,220)	(731,220)	(612,210)	119,010
Other Financing Sources (Uses):				
Interfund Operating Transfers in:				
Water Fund	20,000	20,000		(20,000)
Power Fund	714,480	714,480	358,997	(355,483)
Refunds of Prior Year Expenditures			3,355	3,355
Proceeds of General Long-term Debt			21,581	21,581
Sale of General Fixed Assets			161,103	161,103
Refund of Prior Years Revenues	(3,260)	(3,260)	(6,319)	(3,059)
Total Other Financing Sources	731,220	731,220	538,717	(192,503)
Net Change in Fund Balances			(73,493)	(73,493)
Fund Balance, Beginning of Year			72,022	72,022
Fund Balance (Deficit), End of Year	\$	\$	\$ (1,471)	\$ (1,471)

## BOROUGH OF TARENTUM, PENNSYLVANIA

## Liquid Fuels Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended December 31, 2014

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest:				
Interest Income	\$	\$	\$ 143	\$ 143
Intergovernmental :				
Liquid Fuels Tax Allocation	92,591	92,591	102,589	9,998
Total Revenues	92,591	92,591	102,732	10,141
Expenditures:				
Public Works:				
Highways	92,591	92,591	131,448	(38,857)
Total Expenditures	92,591	92,591	131,448	(38,857)
Net Change in Fund Balance			(28,716)	(28,716)
Fund Balance at Beginning of Year			28,818	28,818
Fund Balance at End of Year	\$	\$	\$ 102	\$ 102