

**BOROUGH OF MYERSTOWN
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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**BOROUGH OF MYERSTOWN
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Borough Council
BOROUGH OF MYERSTOWN
Myerstown, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the BOROUGH OF MYERSTOWN, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough of Myerstown'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 did not audit the financial statements of Myerstown Water Authority, which represent 100% of the assets, net position and revenues of the component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the Borough of Myerstown, as of December 31, 2015, 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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the Borough's net pension asset and related ratios, schedule of pension contributions and the budgetary comparison information on pages 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Stanilla, Siegel and Maser LLC

Lebanon, Pennsylvania
April 18, 2016

BOROUGH OF MYERSTOWN
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		
ASSETS				
Cash & Cash Equivalents	\$ 921,211	\$ 4,490,482	\$ 5,411,693	\$ 2,271,019
Cash & Cash Equivalents, Restricted	43,395		43,395	14,395
Investments	60,748	488,577	549,325	-0-
Taxes Receivable	25,642		25,642	-0-
Accounts Receivable	90	286,526	286,616	151,894
Due from Other Funds	49,051		49,051	-0-
Prepaid Expense				20,217
Net Pension Asset	89,805		89,805	-0-
Capital Assets:				
Non-depreciable	71,502		71,502	289,335
Depreciable, net	1,941,930	18,770,964	20,712,894	10,058,432
Total Assets	<u>\$ 3,203,374</u>	<u>\$ 24,036,549</u>	<u>\$ 27,239,923</u>	<u>\$ 12,805,292</u>
DEFERRED OUTFLOWS OF RESOURCES				
Difference between actual and expected pension earnings	\$ 82,777	\$ -0-	\$ 82,777	\$ -0-
Unamortized loss on early retirement of debt, net	-0-	1,062,571	1,062,571	133,173
Total Deferred Outflows of Resources	<u>\$ 82,777</u>	<u>\$ 1,062,571</u>	<u>\$ 1,145,348</u>	<u>\$ 133,173</u>
LIABILITIES				
Accounts Payable	\$ 47,828	\$ 64,364	\$ 112,192	\$ 138,054
Due to Related Parties				3,000
Due to Other Funds		49,109	49,109	-0-
Accrued Payroll and Withholdings	5,008	2,597	7,605	2,847
Escrow Payable				14,395
Accrued Interest		82,708	82,708	22,946
Accrued Compensated Absences	19,585	2,169	21,754	2,724
Note Payable, due within one year		237,000	237,000	420,000
Note Payable, due in more than one year	252,035	8,590,000	8,842,035	7,500,000
Total Liabilities	<u>\$ 324,456</u>	<u>\$ 9,027,947</u>	<u>\$ 9,352,403</u>	<u>\$ 8,103,966</u>
NET POSITION				
Net Investment in Capital Assets	\$ 1,761,397	\$ 9,943,964	\$ 11,705,361	\$ 2,560,940
Restricted, Trust	43,395		43,395	-0-
Restricted	139,433		139,433	-0-
Unrestricted	1,017,470	6,127,209	7,144,679	2,273,559
Total Net Position	<u>\$ 2,961,695</u>	<u>\$ 16,071,173</u>	<u>\$ 19,032,868</u>	<u>\$ 4,834,499</u>

See Accompanying Notes to Basic Financial Statements

**BOROUGH OF MYERSTOWN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<i>Governmental Activities:</i>						
General Government	\$ 394,744	\$ 73,964	\$ (212,909)	\$ -0-	\$ (212,909)	\$ -0-
Public Safety	65,390	8,911	(56,479)		(56,479)	-0-
Public Works	371,283	83,831	(286,942)		(286,942)	-0-
Culture and Recreation	22,055	905	(21,150)		(21,150)	-0-
Miscellaneous	136,404		(136,404)		(136,404)	-0-
Total Governmental Activities	\$ 989,876	\$ 157,795	\$ (713,884)	\$ -0-	\$ (713,884)	\$ -0-
<i>Business-Type Activities:</i>						
Waste Water Treatment Pool	\$ 1,578,116	\$ 270,230	\$ -0-	\$ (3,543)	\$ (3,543)	\$ -0-
	77,620	55,191		(22,429)	(22,429)	-0-
Total Business-Type Activities	\$ 1,655,736	\$ 270,230	\$ -0-	\$ (25,972)	\$ (25,972)	\$ -0-
Total Primary Government	\$ 2,645,612	\$ 428,025	\$ (713,884)	\$ (25,972)	\$ (739,856)	\$ -0-
<i>Component Unit Activities:</i>						
Water Authority	\$ 946,543	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 253,764
General Revenues:						
Taxes:						
Property Taxes		\$ 345,441	\$ -0-	\$ -0-	\$ 345,441	\$ -0-
Local Services Taxes		76,310			76,310	-0-
Earned Income Taxes		250,470			250,470	-0-
Real Estate Transfer Taxes		34,840			34,840	-0-
Local Enabling Taxes		6,902			6,902	-0-
Investment Earnings		(728)		(10,278)	(11,006)	3,681
Miscellaneous		34,466			34,466	-0-
Gain on Disposition of Assets		7,363			7,363	-0-
Transfers		236,766		(236,766)	-0-	-0-
Total General Revenues and Transfers		\$ 991,830	\$ (247,044)	\$ (247,044)	\$ 744,786	\$ 3,681
Change in Net Position		\$ 277,946	\$ (273,016)	\$ (273,016)	\$ 4,930	\$ 257,445
Net Position - Beginning		2,500,615	16,344,189		18,844,804	4,577,054
Adjustment for Net Pension Liability		183,134			183,134	
Net Position - Ending		\$ 2,961,695	\$ 16,071,173		\$ 19,032,868	\$ 4,834,499

See Accompanying Notes to Basic Financial Statements

**BOROUGH OF MYERSTOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<i>ASSETS</i>			
Cash and Cash Equivalents	\$ 531,144	\$ 433,464	\$ 964,608
Investments		60,748	60,748
Taxes Receivable	11,954		11,954
Due from Other Funds	49,051		49,051
Accounts Receivable	<u>90</u>		<u>90</u>
 Total Assets	 <u>\$ 592,239</u>	 <u>\$ 494,212</u>	 <u>\$ 1,086,451</u>
 <i>LIABILITIES</i>			
Accounts Payable	\$ 27,827	\$ 20,001	\$ 47,828
Due to Other Funds			-0-
Accrued Payroll	<u>10,813</u>		<u>10,813</u>
 Total Liabilities	 <u>\$ 38,640</u>	 <u>\$ 20,001</u>	 <u>\$ 58,641</u>
 <i>FUND BALANCES</i>			
Nonspendable-Permanent Fund	\$ 43,395	\$ -0-	\$ 43,395
Restricted		139,433	139,433
Committed	91,933		91,933
Assigned	21,900	334,778	356,678
Unassigned	<u>396,371</u>		<u>396,371</u>
 Total Fund Balances	 <u>\$ 553,599</u>	 <u>\$ 474,211</u>	 <u>\$ 1,027,810</u>
 Total Liabilities and Fund Balances	 <u>\$ 592,239</u>	 <u>\$ 494,212</u>	 <u>\$ 1,086,451</u>

BOROUGH OF MYERSTOWN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
For the Year Ended December 31, 2015

Total Fund Balances - Governmental Funds	\$ 1,027,810
Amounts reported for governmental activities in the statement of net assets are different because:	
Pension Net Assets and deferred recognition of pension earnings presented in the governmental activities are not current financial resources and not reported as assets in the fund statements	172,582
Capital assets used in governmental activities are not current financial resources and therefore not reported as assets in the funds.	2,013,432
Taxes are recognized when measurable and available in the governmental funds, when assessed in governmental activities	13,688
Long Term Notes Payable reported in governmental activities are note current financial uses and therefore not reported as liabilities in the funds.	(252,035)
Accrued compensated absences are not due and payable in the current period and are not reported in the funds.	<u>(13,782)</u>
Net Position of Governmental Activities	<u><u>\$ 2,961,695</u></u>

BOROUGH OF MYERSTOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES COLLECTED			
Taxes	\$ 713,183	\$ -0-	\$ 713,183
Licenses and Permits	61,486		61,486
Fines	8,727		8,727
Intergovernmental	77,026	80,769	157,795
Charges for Services	33,316		33,316
Investment Earnings	74	(802)	(728)
Rental Income	14,668		14,668
Miscellaneous	34,467		34,467
	<u>942,947</u>	<u>79,967</u>	<u>1,022,914</u>
Total Revenues Collected	\$ 942,947	\$ 79,967	\$ 1,022,914
EXPENDITURES PAID			
General Government	\$ 372,381	\$ 4,439	\$ 376,820
Public Safety	65,390		65,390
Public Works	337,444	794,147	1,131,591
Culture and Recreation	36,419	1,945	38,364
Miscellaneous	39,189		39,189
	<u>850,823</u>	<u>800,531</u>	<u>1,651,354</u>
Total Expenditures Paid	\$ 850,823	\$ 800,531	\$ 1,651,354
Excess (Deficiency) of Revenues Collected Over Expenditures Paid	\$ 92,124	\$ (720,564)	\$ (628,440)
OTHER FINANCING SOURCES (USES)			
Gain on Disposition of Assets	\$ 7,363	\$ -0-	\$ 7,363
GO Loan Proceeds	239,274		239,274
Operating Transfers - In	-0-	519,394	519,394
Operating Transfers - Out	(257,628)	(25,000)	(282,628)
	<u>(10,991)</u>	<u>494,394</u>	<u>483,403</u>
Total Other Financing Sources (Uses)	\$ (10,991)	\$ 494,394	\$ 483,403
Excess (Deficiency) of Revenues Collected and Other Financing Sources Over (Under) Expenditures Paid and Other Financing Uses	\$ 81,133	\$ (226,170)	\$ (145,037)
Fund Balances - Beginning	<u>472,466</u>	<u>700,381</u>	<u>1,172,847</u>
Fund Balances - Ending	<u>\$ 553,599</u>	<u>\$ 474,211</u>	<u>\$ 1,027,810</u>

See Accompanying Notes to Basic Financial Statements

BOROUGH OF MYERSTOWN
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net Change in Fund Balances - Governmental Funds	\$	(145,037)
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Amounts reported for governmental activities in the statement of activities are different because:

The changes in prepaid expenses recognized in the statement of activities for the current period		(20,452)
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Taxes are recognized when measurable and available in the governmental funds, when assessed in governmental activities		779
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Governmental funds report pension contributions as expenditures. In the Statement of Activities, the cost of benefits earned, net of contributions is reported as pension expense.		
Cost of Benefits Earned		(10,554)

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay		785,973
Depreciation		(84,137)

Long Term Notes Payable proceeds are reported in the governmental funds as income while the statement of activities it is a liability.		(239,274)
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The net increase in compensated absences reported in the statement of activities does not require the use of current financial resources and is not reported as expenditures in the governmental funds.		(9,352)
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Change in Net Position of Governmental Activities	\$	<u>277,946</u>
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BOROUGH OF MYERSTOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - SEWER FUND
December 31, 2015

	<u>Waste Water</u>	<u>Pool</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 4,453,759	\$ 36,723	\$ 4,490,482
Investments	488,577		488,577
Accounts Receivable	286,526		286,526
Capital Assets, net of Depreciation	<u>18,770,964</u>		<u>18,770,964</u>
Total Assets	<u>\$ 23,999,826</u>	<u>\$ 36,723</u>	<u>\$ 24,036,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	<u>\$ 1,062,571</u>	<u>\$</u>	<u>\$ 1,062,571</u>
LIABILITIES			
Accounts Payable	\$ 64,364	\$ -0-	\$ 64,364
Due to Other Funds	48,702	407	49,109
Accrued Wages	2,597		2,597
Accrued Interest Payable	82,708		82,708
Accrued Vacation	2,169		2,169
Note Payable, due within one year	237,000		237,000
Note Payable, due in more than one year	<u>8,590,000</u>		<u>8,590,000</u>
Total Liabilities	<u>\$ 9,027,540</u>	<u>\$ 407</u>	<u>\$ 9,027,947</u>
NET POSITION			
Invested in Capital Assets, net of Related Debt	\$ 9,943,964	\$ -0-	\$ 9,943,964
Unrestricted	<u>6,090,893</u>	<u>36,316</u>	<u>6,127,209</u>
Total Net Position	<u><u>\$ 16,034,857</u></u>	<u><u>\$ 36,316</u></u>	<u><u>\$ 16,071,173</u></u>

See Accompanying Notes to Basic Financial Statements

BOROUGH OF MYERSTOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND - SEWER FUND
December 31, 2015

	<u>Waste Water</u>	<u>Pool</u>	<u>Total</u>
OPERATING REVENUES			
Sewer Charges for Services	\$ 1,304,343	\$ -0-	\$ 1,304,343
Pool Revenue		55,191	55,191
Other Operating Income	19,927		19,927
Reimbursements - Operating, net	236,188		236,188
Reimbursements - Pension Costs	14,115		14,115
Total Operating Revenues	<u>\$ 1,574,573</u>	<u>\$ 55,191</u>	<u>\$ 1,629,764</u>
OPERATING EXPENSES			
Sewer Operations and Maintenance	\$ 916,114	\$ -0-	\$ 916,114
Pool Operating Costs		77,620	77,620
Depreciation Expense	453,620		453,620
Total Operating Expenses	<u>\$ 1,369,734</u>	<u>\$ 77,620</u>	<u>\$ 1,447,354</u>
Net Operating Income	<u>\$ 204,839</u>	<u>\$ (22,429)</u>	<u>\$ 182,410</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment Income (Loss)	\$ (10,047)	\$ (231)	\$ (10,278)
Transfer In (Out)	(253,766)	17,000	(236,766)
Amortization Expense	(50,599)		(50,599)
Interest Expense	(157,783)		(157,783)
Total Non-Operating Revenues (Expenses)	<u>\$ (472,195)</u>	<u>\$ 16,769</u>	<u>\$ (455,426)</u>
CHANGE IN NET POSITION	<u>\$ (267,356)</u>	<u>\$ (5,660)</u>	<u>\$ (273,016)</u>
NET POSITION - BEGINNING	<u>16,302,213</u>	<u>41,976</u>	<u>16,344,189</u>
NET POSITION - ENDING	<u><u>\$ 16,034,857</u></u>	<u><u>\$ 36,316</u></u>	<u><u>\$ 16,071,173</u></u>

See Accompanying Notes to Basic Financial Statements

**BOROUGH OF MYERSTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - SEWER FUNDS
For the Year Ended December 31, 2015**

	<u>Waste Water</u>	<u>Pool</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,235,936	\$ 55,746	\$ 1,291,682
Miscellaneous Cash Received	19,927		57,781
Reimbursements	250,303		106,648
Operating Expenses Paid	(691,227)	(32,942)	(630,146)
Cash Paid to Employees	(229,916)	(44,406)	(262,544)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by Operating Activities	\$ 585,023	\$ (21,602)	\$ 563,421
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income Received	\$ -0-	\$ (231)	\$ (231)
Purchase of Investments	(488,577)		(488,577)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided By Investing Activities	\$ (488,577)	\$ (231)	\$ (488,808)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers for Capital Purchases	\$ (253,766)	\$ -0-	\$ (253,766)
Proceeds from Notes Payable			-0-
Note Issuance Costs			-0-
Interest Paid	(157,783)		(157,783)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Used By Capital and Related Financing Activities	\$ (411,549)	\$ -0-	\$ (411,549)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer in	\$ -0-	\$ -0-	\$ -0-
Transfer from Governmental Type		17,000	17,000
Tapping Fees			-0-
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided By Non-Capital and Related Financing Activities	\$ -0-	\$ 17,000	\$ 17,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (315,103)	\$ (4,833)	\$ (319,936)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,768,862</u>	<u>41,556</u>	<u>4,810,418</u>
END OF YEAR	<u><u>\$ 4,453,759</u></u>	<u><u>\$ 36,723</u></u>	<u><u>\$ 4,490,482</u></u>

See Accompanying Notes to Basic Financial Statements

**BOROUGH OF MYERSTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - SEWER FUND
For the Year Ended December 31, 2015**

	<u>Waste Water</u>	<u>Pool</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 204,839	\$ (22,429)	\$ 182,410
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and Amortization	\$ 453,620	\$ -0-	\$ 453,620
Unrealized Loss on Investments	(10,047)		(10,047)
(Increase) Decrease in:			
Accounts Receivable	(68,407)	555	(67,852)
Prepaid Insurance	22,216		22,216
Due from Other Funds	20,400		20,400
Increase (Decrease) in:			
Accounts Payable	(19,684)	(78)	(19,762)
Due to Other Funds	(20,400)	350	(20,050)
Accrued Wages	791		791
Accrued Compensated Absences	1,695		1,695
Total Adjustments	<u>\$ 380,184</u>	<u>\$ 827</u>	<u>\$ 381,011</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 585,023</u></u>	<u><u>\$ (21,602)</u></u>	<u><u>\$ 563,421</u></u>

See Accompanying Notes to Basic Financial Statements

BOROUGH OF MYERSTOWN
STATEMENT OF NET POSITION
FIDUCIARY FUND
December 31, 2015

	<u>Agency Funds</u>	<u>Police Pension Fund</u>	<u>Non-Uniform Retirement</u>
<i>ASSETS</i>			
Cash	\$ 5,931	\$ -0-	\$ -0-
Investments		1,053,224	799,993
	<u>5,931</u>	<u>1,053,224</u>	<u>799,993</u>
Total Assets	<u>\$ 5,931</u>	<u>\$ 1,053,224</u>	<u>\$ 799,993</u>
<i>LIABILITIES</i>			
Other Current Liabilities	\$ -0-		
Escrow Payable	<u>5,931</u>		
Total Liabilities	<u>\$ 5,931</u>		
<i>NET POSITION</i>			
Held in trust for pension benefits		<u>\$ 1,053,224</u>	<u>\$ 799,993</u>

BOROUGH OF MYERSTOWN
COMBINED STATEMENT OF CHANGES IN NET POSITION
RETIREMENT TRUST FUNDS
For the Year Ended December 31, 2015

	<u>Police Pension Fund</u>	<u>Non-Uniform 457 Retirement Plan</u>
ADDITIONS		
Contributions:		
Employer	\$ -0-	\$ 32,599
Employee	-0-	-0-
Commonwealth	-0-	31,367
	<u>-0-</u>	<u>31,367</u>
Total Contributions	\$ -0-	\$ 63,966
INVESTMENT INCOME		
Interest and Dividends	\$ 60,408	\$ -0-
Net Appreciation(Depreciation) in Fair Value of Investments	<u>(79,515)</u>	<u>(22,709)</u>
Net Investment Income	\$ (19,107)	\$ (22,709)
Total Additions	\$ (19,107)	\$ 41,257
DEDUCTIONS		
Benefits Paid	\$ 87,069	\$ 3,233
Administrative Expenses	<u>3,463</u>	<u>-0-</u>
Total Deductions	\$ 90,532	\$ 3,233
CHANGE IN NET POSITION	\$ (109,639)	\$ 38,024
NET POSITION		
- BEGINNING OF YEAR	<u>1,162,864</u>	<u>761,969</u>
- END OF YEAR	<u>\$ 1,053,225</u>	<u>\$ 799,993</u>

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Borough of Myerstown is a municipal corporation organized in 1912 under the Commonwealth of Pennsylvania. Borough Council members are elected by the citizens. The daily operations and management of the Borough are performed by the administrative staff of the Borough, headed by the Borough Manager, who is appointed by the Borough Council. Services provided by the Borough include public safety, public works, public health and welfare, community planning, and culture and recreation.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the Borough are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Borough.

As required by generally accepted accounting principles, these financial statements are to present the Borough of Myerstown (the primary government) and organizations for which the primary government is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the Borough in that the Borough approved the budget, the issuance of debt, or the levying of taxes.

Myerstown Water Authority has been determined by the above criteria as being part of the reporting entity. The significant factor for including the Authority is the appointment of a voting majority of the Authority board members and guarantees the debt of the Authority. Myerstown Water Authority issues a separate report which a copy of the audit is held in the Borough's office and is available for public review.

Measurement Focus and Basis of Accounting

In preparing the financial statements, accounting and financial reporting treatment is determined by the basis of accounting and the measurement focus. Measurement focus indicates the type of resources being measured such as current financial resources vs. economic resources. The basis of accounting refers to the timing of transactions or events recognized in the financial statements.

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the economic measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grant income is recognized as revenue when the eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest and compensated absences which are reported when due.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

All proprietary funds and pension funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The agency fund has no measurement focus but uses the accrual basis of accounting.

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Borough of Myerstown Police Pension Fund and additions to/deductions from the Borough of Myerstown Police Pension Fund's fiduciary net position have been determined on the same basis as they are reported by the Borough of Myerstown Police Pension Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, cash receipts/ revenues, and cash disbursements/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds: (continued)

The General Fund is the primary operating fund of the Borough and is always classified as a major fund. It is used to account for all activities except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to disbursements for specified purposes other than debt service or capital projects. The Borough's State Liquid Fuels Fund is the sole Special Revenue Fund included in the governmental non-major funds.

Capital Project Funds are used to account for financial resources to be used for capital outlays. The Borough maintains one capital project fund - the General Reserve Fund - reported as a non-major fund.

Permanent Funds are used to account for financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs. The Beautification Trust Fund is reported as a non-major fund.

Proprietary Funds:

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Sewer Fund. This fund accounts for the operating activities of the Borough's sewer system. Also starting in 2014, the operations of the Borough's pool were removed from the general fund and are now accounted for as a separate enterprise fund.

Fiduciary Funds:

Trust and Agency Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Borough programs. The reporting focus is on net assets and changes in net assets.

The Borough's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for the specific purpose.

Net Position

Net position of the government-wide funds is categorized as restricted or unrestricted. The restricted category represents the balance of assets restricted by requirements, externally imposed constraints or by legislation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term governmental securities.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are stated at fair value which is based on quoted market price.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The Borough monitors outstanding accounts receivable and considers accounts receivable at year end to be fully collectible, therefore, no allowance for uncollectible amounts are recorded.

Prepaid Expenditures

The Borough uses the purchase method of accounting for prepaid expenditures in its governmental funds where items are expensed when purchased rather than when consumed. Prepaid expenses of the governmental activities, proprietary funds and the component unit consist of insurance policies amortized over their effective dates.

Compensated Absences

The Borough's employee policy allows employees to carry over up to 40 hours of paid time off with the option to be paid for any unused time, no later than February 15th of the following year. Component Unit employees may accumulate up to a maximum of 40 hours to be used in the next calendar quarter. Compensated absences are reported as accrued in the government-wide, proprietary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and is included in wages and benefits payable, when applicable.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are carried at cost. Contributed property is recorded at the estimated market value at the date of contribution. Depreciation is computed using the straight-line method. The cost of maintenance and repairs is charged against income as incurred, whereas significant renewals and betterments are capitalized and deduction is made for retirements resulting from renewals or betterments.

Depreciation of capital assets is recorded as an allocated expense in the Statement of Activities, with the accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets for the Borough and \$1,000 for the component unit. The range of estimated useful lives by type of assets is as follows:

Buildings and Improvements	40-50 years
Sewer System	15-39 years
Water System	20-75 years
Equipment	3-20 years
Vehicles	5-10 years

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the bond trustee accounts.

Government-wide and Proprietary Fund Net Position

Government wide and proprietary fund net position are divided into three components:

- Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consists of net position that is restricted by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net assets are reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of enabling legislation, the township code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by Borough Council ordinance or resolution.
- Assigned - Amounts that are designated by the Borough Council for a particular purpose.
- Unassigned - All amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Borough's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, and errors and omissions. These risks are covered by commercial insurance.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

Interfund activity is reported as reimbursements or transfers. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. Intercompany balances are present when there is a time lag in the reimbursement and/or transfer.

Budgetary Procedures and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Borough. All annual appropriations lapse at year end.

During August, a draft budget is prepared by the Borough Manager and forwarded to the Finance Committee. This committee then prepares the final budget for approval by the Borough Council. The Borough makes available to the public its proposed operating budget of all funds. The operating budget includes proposed expenditures and the means of financing them. The Council holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Borough Council. There were no budget revisions made during the year.

The legal level of budgetary control is at the fund level. The carryover fund balance from the prior year and the current year excess of revenues collected over expenditures paid are available for the appropriation without formal budget revision.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Borough's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Event Review

The Borough has evaluated subsequent events through April 18, 2016, the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The Borough has no known material violations of finance related legal and contractual provisions.

Deficit Fund Balance or Retained Earnings of Individual Funds

There are no deficits in fund balances or net assets at December 31, 2015.

Excess of Expenditures Over Budgeted Appropriations in Individual Funds

For the year ended December 31, 2015, expenditures exceeded revenues for the capital projects fund, highway aid fund and the waste water fund for capital projects. This excess expenditure/expense was budgeted to use fund balances carried from prior years.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS

Primary Government

Custodial Risk

The Borough is authorized by statute to invest in government securities and insured accounts or their equivalents. There were no deposit transactions during the year that were in violation of either state statutes or Borough policy. The Borough deposits cash in one local financial institution. At the year-end, the Borough's carrying amount of deposits was \$451,032 excluding \$789 in petty cash and the bank balance was \$481,646. The total bank balance up to \$250,000 is covered by federal depository insurance. The depository pledges assets, not in the Borough's name, to secure deposits in excess of \$250,000 in accordance with Act 72 of 1971.

Cash equivalents of the Borough consist partially of funds deposited in the Pennsylvania Local Government Investment Trust (PLGIT). These funds are invested in federal securities and rated AAAM by Standard & Poor's. Balances at December 31, 2015 totaled \$843,362 per book and \$843,362 per bank. The cash equivalents are not categorized by level of credit risk as they are pooled funds and securities are not used as evidence of investment.

Cash equivalents also includes money market funds and certificates of deposit purchased through Edward Jones, a broker dealer. Certificates are covered by federal depository insurance of the issuing bank. No one bank has a certificate in excess of the \$250,000 limit.

Market values of the above instruments are at cost. The Borough places no limit on the amount deposited in any one issuer.

Component Unit

Custodial Risk

The deposit and investment policy of the Authority adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or Authority policy.

At year end, the carrying amount of the Authority's cash deposits were \$2,285,414, including petty cash of \$50, and the bank balance was \$2,144,020 of which \$500,000 was fully insured and \$1,644,020 was collateralized by securities held by the pledging financial institution's trust department or agent but not in the Authority's name. When collateral is required in excess of insured limits, the requirements with Act 72 of 1971 are followed with respect to pooling, custody and type of collateral.

The Authority places no limit on the amounts deposited in any one issuer. The Authority's investments in Fulton Bank and Jonestown Bank and Trust Company represented approximately 81% and 19% of the total deposits, respectively.

The Authority does not have a formal investment policy that addresses custodial credit risk, concentration of credit risk, or foreign currency risk. However, the Authority held no investments that were exposed to these risks as of December 31, 2015.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – RESTRICTED ASSETS

The Authority component unit maintains separate escrow accounts for developers who advance the Authority funds to cover expenses for the developer. Developer's escrow cash and corresponding liabilities represent amounts received under terms of agreements between the Authority and a developer with respect to construction by the developer. The escrow amounts represent security for payment of all costs and expenses incurred by the Authority pursuant to the terms of the agreement. Upon payment of all Authority costs and expenses, any unexpended balance is returnable to the developer; therefore these are reported as restricted assets.

NOTE 5 - INVESTMENTS

The Borough code provides for the deposit of governmental funds into certain authorized investment types including U.S. Treasury bills, U.S. Treasury notes, other short term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposits.

Pension plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

As of December 31, 2015, the Borough's investment balances were as follows:

	<u>Investment Type</u>	<u>Fair Value</u>	<u>Longest Maturity (months)</u>
Governmental	Municipal Bonds	\$ 60,748	9.1
Waste Water Fund	Municipal Bonds	488,577	11.6
Pension Funds	Bond Mutual Funds	1,053,224	na
Retirement Funds	Mutual Funds	799,993	na

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Investments in mutual funds, 2a7-like external investment pools are excluded from this requirement. The Borough's investment policy limits investment maturities to instruments with a maturity of 13 months or less as a means of managing its exposure to fair values losses arising from increasing interest rates.

Concentration of Credit Risk and Foreign Currency Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issue. The Borough's investment policy requires diversification by security type and institution. The Borough held no investments that were exposed to foreign currency risk as of December 31, 2015.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure the counterparty to the transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Borough has no investment policy regarding custodial credit risk for investments.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 - INVESTMENTS (continued)

Custodial Credit Risk (continued)

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the plan's name, and are held by either: a) the counterparty or b) the counterparty's trust department or agent, but not in the Borough's name.

Separate accounts maintained for the pension fund held at The Edward Jones Company and Mass Mutual are commingled pools, rather than individual securities. As a result, these accounts are not rated. These accounts are not subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. At December 31, 2015, the credit risk of the Borough's investments in debt securities (excluding external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-income securities) was rated as follows:

	<u>Fair Value</u>	<u>Average Credit Quality</u>
Bond Fund of America	\$ 96,586	BBB
Franklin Limited Maturity US Gov. Sec.	36,946	AAA
Franklin US Gov. Securities	82,691	AA
Lord Abbett Core Fixed Income Fund	66,310	A
Templeton Global Bond Fund	78,175	BBB
Municipal Bonds	549,325	A/A3 or higher

NOTE 6 – FUND BALANCE REPORTING

At December 31, 2015, fund balances are made up of the following:

Non-spendable – Beautification Trust	\$ <u>43,395</u>
Restricted: Liquid Fuels	\$ <u>139,433</u>
Committed: Unemployment Compensation	\$ <u>91,933</u>
Assigned: Recreation	\$ 21,900
General Reserve	<u>411,098</u>
	<u>\$ 432,998</u>

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Primary Government</u>				
<u>Governmental Activities:</u>				
Non-depreciable Assets				
Land	\$ 71,502	\$ - 0 -	\$ - 0 -	\$ 71,502
Total Non-depreciable Assets	<u>\$ 71,502</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 71,502</u>
Depreciable Assets				
Buildings and Improvements	\$ 1,342,892	\$ - 0 -	\$ - 0 -	\$ 1,342,892
Infrastructure	1,013,203	769,663	- 0 -	1,782,866
Equipment	409,359	16,308	- 0 -	425,667
Vehicles	211,017	- 0 -	25,151	185,866
Total Depreciable Assets	<u>\$ 2,976,471</u>	<u>\$ 785,971</u>	<u>\$ 25,151</u>	<u>\$ 3,737,291</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,110,358	\$ 16,523	\$ - 0 -	\$ 1,126,881
Infrastructure	128,271	46,601	- 0 -	174,872
Equipment	351,852	13,172	- 0 -	365,024
Vehicles	145,895	7,841	25,151	128,585
Total Accumulated Depreciation	<u>\$ 1,736,376</u>	<u>\$ 84,137</u>	<u>\$ 21,151</u>	<u>\$ 1,795,362</u>
Net Depreciable Capital Assets	<u>\$ 1,240,095</u>	<u>\$ 701,834</u>	<u>\$ - 0 -</u>	<u>\$ 1,941,929</u>
<u>Business Type Activities:</u>				
Depreciable Assets				
Sewer Plant and Improvements	\$ 28,771,455	\$ - 0 -	\$ - 0 -	\$ 28,771,455
Equipment	161,581	- 0 -	- 0 -	161,581
Vehicles	25,795	- 0 -	- 0 -	25,795
Total Depreciable Assets	<u>\$ 28,958,831</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 28,958,831</u>
Less: Accumulated Depreciation for:				
Sewer Plant and Improvements	\$ 9,597,308	\$ 436,749	\$ - 0 -	\$10,034,057
Equipment	118,883	11,712	- 0 -	130,595
Vehicles	18,056	5,159	- 0 -	23,215
Total Accumulated Depreciation	<u>\$ 9,734,247</u>	<u>\$ 453,620</u>	<u>\$ - 0 -</u>	<u>\$10,187,867</u>
Net Capital Assets	<u>\$ 19,224,584</u>	<u>\$ (453,620)</u>	<u>\$ - 0 -</u>	<u>\$ 18,770,964</u>
Total Net Depreciable Capital Assets	<u>\$ 20,464,679</u>	<u>\$ 248,214</u>	<u>\$ - 0 -</u>	<u>\$ 20,712,893</u>

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Component Unit:</u>				
Non-depreciable Assets				
Land	\$ 275,971	\$ - 0 -	\$ - 0 -	\$ 275,971
Construction in Progress	<u>1,213,413</u>	<u>799,345</u>	<u>(1,999,394)</u>	<u>13,364</u>
Total Non-depreciable Assets	<u>\$ 489,384</u>	<u>\$ 799,345</u>	<u>\$ (1,999,394)</u>	<u>\$ 289,335</u>
Depreciable Assets				
Site Improvements	\$ 9,244	\$ - 0 -	\$ - 0 -	\$ 9,244
Buildings	84,288	- 0 -	- 0 -	84,288
Water Systems	12,253,799	1,999,394	- 0 -	14,253,193
Equipment	279,524	10,705	(5,847)	284,382
Vehicles	<u>75,329</u>	<u>10,052</u>	<u>- 0 -</u>	<u>85,381</u>
Total Depreciable Assets	<u>\$ 12,702,184</u>	<u>\$ 2,020,151</u>	<u>\$ (5,847)</u>	<u>\$ 14,716,488</u>
Less: Accumulated Depreciation for:				
Site Improvements	\$ 8,703	\$ 539	\$ - 0 -	\$ 9,242
Buildings	10,438	2,453	- 0 -	12,891
Water Systems	4,190,399	225,189	- 0 -	4,415,588
Equipment	154,945	13,805	(5,847)	162,903
Vehicles	<u>54,292</u>	<u>3,140</u>	<u>- 0 -</u>	<u>57,432</u>
Total Accumulated Depreciation	<u>\$ 4,418,777</u>	<u>\$ 245,126</u>	<u>\$ (5,847)</u>	<u>\$ 4,658,056</u>
Net Depreciable Capital Assets	<u>\$ 9,772,791</u>	<u>\$ 2,574,370</u>	<u>\$ (1,999,394)</u>	<u>\$ 10,347,767</u>

Depreciation expense was charged to functions of the primary government as follows:

General Government	\$ 17,926
Public Works	62,932
Culture and Recreation	3,279
Waste Water Activities	<u>453,620</u>
Total	<u>\$ 537,757</u>

NOTE 8 - PROPERTY TAXES

The total taxable assessed real estate valuation for the year ended December 31, 2015 was \$174,385,800. The Borough's property tax is levied March 1. The municipal tax rate for 2015 was 2.0000 mills. A 2% discount is allowed on taxes paid by April 30. Taxes are payable at face value during May and June. A 10% penalty is added to taxes paid after June 30.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES

Business-Type Activities

The advance refunding of the Series A of 2007 guaranteed sewer revenue bonds in 2014 resulted in a deferred asset of \$1,113,170, the difference between the carrying amount of the old debt and the amount deposited with the escrow agent to pay the future debt service. The amount will be amortized over twenty-two years, the remaining life of the 2007 bond series at the refunding date beginning in 2015.

Component Unit

Unamortized bond issuance costs and discount from the advance refunding of the 2006 Bond Series are capitalized as Loss on Early Retirement of Debt and are being amortized ratable over twenty-two years, the remaining term of the 2006 bond series at the refunding date.

The costs and related accumulated amortization as of December 31, 2015, are as follow:

	<u>Business- Type</u>	<u>Component Unit</u>
Costs	\$ 1,113,170	\$ 148,991
Accumulated Amortization	<u>(50,599)</u>	<u>(15,818)</u>
	<u>\$ 1,062,571</u>	<u>\$ 133,173</u>

NOTE 10 –NOTES PAYABLE

Governmental Activities

Simultaneously with the issuance of the Series A of 2014, General Obligation Notes Payable discussed below under Business-Type Activities, the Borough issued the General Obligation Notes, Series B of 2014 in the amount of \$1,173,000. The Borough may draw down the proceeds of the Note from the closing date through October 15, 2016. At December 31, 2015, the balance of \$252,035 was outstanding. The note bears interest at 2.25% through August, 2021 and thereafter at a variable rate equal to 65% of the Wall Street Journal Prime Rate, not to exceed 4.75% per annum, until August 1, 2036, the final maturity date.

Business-Type Activities

Millcreek-Richland Joint Authority (Authority) issued guaranteed revenue bonds, Series A of 2007, on September 20, 2007, in the amount of \$9,285,000. Proceeds of the Bonds, together with other available funds, were loaned to the Borough of Myerstown, (the "Borough"), and used to finance a sewer project on behalf of the Borough.

In October, 2014 the Borough of Myerstown issued General Obligation Note, Series A of 2014 in the amount of \$8,827,000. The note was issued to advance refund the remaining \$8,280,000 of outstanding Authority guaranteed sewer revenue bonds, Series A of 2007. The proceeds of the 2014 Series A issue were deposited irrevocably into a trust to be invested in direct obligations of the United States of America until which time they are used to provide for debt service on the 2007 Series A bonds. The 2007 Series A bonds are therefore considered defeased and the note payable to the Authority to pay off the bonds has been removed from the books of the Borough. The outstanding principal of the defeased bonds is \$8,085,000 at December 31, 2015.

The 2014 Note bears interest at 2.25% until August 1, 2021 and thereafter at a variable rate equal to 65% of the Wall Street Journal Prime Rate, not to exceed 4.75% per annum, until August 1, 2036, the final maturity date.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 –NOTES PAYABLE (continued)

Principal and interest payments for the next five years and thereafter on the Note, Series A of 2014, assuming the maximum variable interest rate are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 237,000	\$ 198,608	\$ 435,608
2017	415,000	193,275	608,275
2018	425,000	183,938	608,938
2019	435,000	174,375	609,375
2020	440,000	164,588	604,588
2021-2025	1,765,000	1,284,712	3,049,712
2026-2030	2,000,000	1,032,175	3,032,175
2031-2035	2,530,000	509,200	3,039,200
2036	<u>580,000</u>	<u>27,550</u>	<u>607,550</u>
	<u>\$ 8,827,000</u>	<u>\$ 3,768,421</u>	<u>\$12,595,421</u>

Component Unit

2013 Note Series

The Authority issued guaranteed water revenue note, Series of 2013, on August 21, 2013, in the maximum amount of \$9,045,000. The note was issued to provide financing for the purpose of paying costs and expenses associated with the construction of certain projects, the advance refunding of Series of 2006 bonds, and to pay costs and expenses associated with issuing the Series 2013 note. The note pays interest semi-annually at an annual interest rate of 2.25% through November, 2020 at which time it becomes a variable rate at 65% of the national prime rate not to exceed 4.75%. Principal payments are due annually to November 15, 2033. The note is guaranteed by the Borough of Myerstown.

Principal and interest payments for the next five years and thereafter are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 420,000	\$ 178,200	\$ 598,200
2017	430,000	168,750	598,750
2018	440,000	159,075	599,075
2019	450,000	149,175	599,175
2020	460,000	139,050	599,050
2021-2025	1,805,000	1,194,625	2,999,625
2026-2030	2,280,000	723,188	3,003,188
2031-2035	<u>1,635,000</u>	<u>157,700</u>	<u>1,792,700</u>
	<u>\$ 7,920,000</u>	<u>\$ 2,869,763</u>	<u>\$ 10,789,763</u>

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 –NOTES PAYABLE (continued)

Long-term liabilities changed during the year ended December 31, 2015, as follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
Governmental Activities:				
2014 GO Note, Series B	\$ 12,761	\$ 239,274	\$ -0-	\$ 252,035
Business-Type Activities:				
2014 GO Note, Series A	\$8,827,000	\$ -0-	-0-	\$8,827,000
Total	<u>\$8,827,000</u>	<u>\$ 12,761</u>	<u>\$ -0-</u>	<u>\$8,839,761</u>
Component Unit:				
Series of 2013	<u>\$7,404,033</u>	<u>\$ 925,967</u>	<u>\$ (410,000)</u>	<u>\$7,920,000</u>

NOTE 11 - LEASE AGREEMENTS

The Borough entered into a lease agreement for the rental of office space in March, 1987 for an initial term of 20 years. The lease is automatically renewable with 4 five year options. Rental income for this property was \$17,333 for the year ended December 31, 2015.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Authority reimburses the Borough of Myerstown for its share of administrative and operating expenses provided by the Borough of Myerstown. The Authority also pays monthly bookkeeping and quarterly administrative charges to the Borough of Myerstown. No formal agreements exist. A summary of these related party transactions are as follows:

Operating Supplies	\$ 134
Transmission and Distributions	878
Administrative - Other	<u>2,062</u>
	<u>\$ 3,074</u>

The Authority reported a payable to the Borough of \$3,000 and \$7,840 at December 31, 2015 and 2014, respectively, which represents sewer and debt service receipts not yet transferred.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 – PENSION TRUST FUNDS

Uniformed Employee's Pension

Plan description. The Borough maintains a defined benefit pension plan, Borough of Myerstown Police Pension Fund, which covers prior full-time members of the police force of the Borough. All members of the force retired in 2014. The Borough of Myerstown Police Pension Fund is a single-employer defined benefit pension plan which had been controlled by the provisions of Ordinance No. 81 adopted pursuant to Act 600. During 2014, Ordinance No. 822 was adopted to convert to a non-Act 205 plan whereby normal retirement dates were revised so that all members were eligible for retirement benefits. The Borough of Myerstown governs the plan and has the authority to establish and amend the benefit terms and to manage the plan assets. The Borough has delegated the authority to manage certain plan assets to Edward Jones Company.

Benefits provided. The Borough of Myerstown Police Pension Fund provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2014 a member is eligible for normal retirement after attainment of age 60 and completion of 21 years of service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable at the member's death. The amount of the monthly pension is equal to 50% of average monthly compensation which is based upon total compensation reported on Form W-2 over the last 60 months of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

If a member becomes disabled in the line of duty, he is eligible for a disability pension. The disability pension is equal to 50% of average monthly compensation determined as of the time of disablement, but no less than 50% of salary at the time of disablement, less social security disability benefits being paid for the same illness or injury. A member's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination. The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years and completed months of service to date to the number of years and completed months of service projected to normal retirement.

Employees covered. At December 31, 2015, the following employees were covered by the plan:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>0</u>
Total Members	<u><u>3</u></u>

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 – PENSION TRUST FUNDS (continued)

Contributions. Member contributions may be reduced or suspended by annual Borough resolution. Contributions are currently suspended. Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are not required to contribute 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. The Plan had no contributions required in 2015. A separately issued report of the plan may be obtained in the Borough office. All three of the participants have retired and it has been determined the plan has sufficient assets to cover the pension liability.

Net Pension Asset/Liability. The Borough's net pension asset was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	4.50% (average, including inflation)
Investment Rate of Return	7.50 %
Postretirement Cost of Living Increase	3.00%

Mortality rates were based on the RP2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, which does not include adjustments for mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 – PENSION TRUST FUNDS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	55.00%	5.50% - 7.50%
International Equity	0.00%	4.50% - 6.50%
Fixed Income	45.00%	1.00% - 3.00%
Real Estate	0.00%	4.50% - 6.50%
Cash	0.00%	0.00% - 1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The pension plans fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability. The changes in Net Pension Liability are determined as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance 12/31/2014	\$ 986,985	\$1,170,119	\$ (183,134)
Service Cost	- 0 -		- 0 -
Interest Cost	70,759		70,759
Changes of Benefit Terms	- 0 -		- 0 -
Changes for Experience	- 0 -		- 0 -
Changes of Assumptions	- 0 -		- 0 -
Contributions-Employer		- 0 -	- 0 -
Contributions – Member		- 0 -	- 0 -

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 – PENSION TRUST FUNDS (continued)

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Net Investment Income	\$ - 0 -	\$ (19,107)	\$ 19,107
Benefit Payments, including Refunds of member contributions	(87,069)	(87,069)	- 0 -
Administrative Expenses		(3,463)	3,463
Other Changes	_____	- 0 -	- 0 -
Net Changes	<u>(16,310)</u>	<u>(109,639)</u>	<u>93,329</u>
Balance at December 31, 2015	<u>\$ 970,675</u>	<u>\$ 1,060,480</u>	<u>\$ (89,805)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan's Net Pension Liability	\$ 2,289	\$ (89,805)	\$(168,247)

Pension Expense. For the year ended December 31, 2015, the Borough recognized \$10,522 pension expense.

Non-Uniformed Employee's Retirement

The Borough participates in a defined contribution plan under Section 401 of the Internal Revenue Code which covers non-uniformed employees. The plan uses the accrual basis of accounting. The plan is governed by the Borough Council which is responsible for the management of the plan assets. The Borough has delegated the authority to administer and manage plan assets to Hartford Life Insurance Company. The Borough contributes 16 percent of plan participants' compensation per year. The plan is eligible for an annual allocation from the General Municipal Pension System State Aid Program which must be used to reduce or eliminate the required municipal contributions. Employees may also contribute to the plan as long as their total contributions do not exceed 25% of their compensation. The State contributed \$42,291 and the Borough contributed \$12,485 to this plan for the year ended December 31, 2015.

BOROUGH OF MYERSTOWN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 – PENSION TRUST FUNDS (continued)

Non-Uniformed Employee's Retirement (continued)

The Borough also participates in a deferred compensation plan under Section 457 of the Internal Revenue Code. The Borough has delegated the authority to administer and manage plan assets to Hartford Life Insurance Company. Refer to the plan document for a detail description of plan benefits. This plan is offered to all non-uniformed employees of the Borough. Participants may elect to contribute to the Plan a percentage of compensation as defined in the Plan. Deferrals may not exceed the dollar limit that is set by law. The Borough contributed \$8,238 to this plan in 2014.

NOTE 14 – INTER-MUNICIPAL AGREEMENTS

The Borough has entered into two agreements with municipalities, one with the Township of Millcreek, the Borough of Richland and the Richland-Millcreek Joint Sewer Authority and the other with Jackson Township and the Jackson Township Authority. The purpose of these agreements is to define how the municipalities will share the cost of operating the wastewater treatment facility and share the costs of future expansion.

NOTE 15 – CONCENTRATIONS OF CREDIT RISK

There were two customers of the Borough that represented a concentration of credit risk at December 31, 2015. These customers represent 21% of customer charges for business-type sewer activities.

These two customers also represent 69% of the accounts receivable balance and approximately 43% of the customer charges for water services for the component unit for the year.

NOTE 16 - COMMITMENTS

The Borough has signed an inter-municipal agreement "Grumbine Plan" pertaining to the repayment from the overpaid municipalities (that agreed to the plan) to the underpaid entities relating to the former EIT issue. The Borough agreed to repay the amount owed of \$44,387 over a 10 year period at 0% interest beginning in 2011. The Borough's annual payments are \$4,439. Payments are made to Fulton Bank, paying agent, and the bank is responsible for distribution of the funds to the underpaid entities. The balance remaining on this commitment at December 31, 2015 was \$22,192.

NOTE 17 - CONTINGENCIES

The Borough provides unemployment compensation to eligible claimants through its own self-funded plan with the Commonwealth of Pennsylvania. The Borough is liable for unemployment compensation claims out of its general revenues. Currently \$91,933 is set aside for future possible claims.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF MYERSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2015

	<u>2015</u>
Total Pension Liability:	
Service Cost	\$ -0-
Interest Cost	70,759
Changes in Benefit Terms	-0-
Changes for Experience	-0-
Changes of Assumptions	-0-
Benefit Payments	<u>(87,069)</u>
Net Change in Total Pension Liability	\$ (16,310)
Total Pension Liability:	
Beginning	<u>986,985</u>
Ending	<u><u>\$ 970,675</u></u>
Plan Fiduciary Net Position:	
Contributions:	
Employer	\$ -0-
Employee	-0-
Net Investment Income	(19,107)
Benefit Payments, including refunds of member contributions	(87,069)
Administrative Expense	(3,463)
Other Changes	<u>-0-</u>
Net Change in Plan Fiduciary Net Position	\$ (109,639)
Plan Fiduciary Net Position:	
Beginning	<u>1,170,119</u>
Ending	<u><u>\$ 1,060,480</u></u>
Plan Fiduciary Net Position as a % of Total Pension Liability	<u><u>109%</u></u>

Required ten year information will be completed as time passes.

BOROUGH OF MYERSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Ten Years Ended December 31, 2015

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions from Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2006	\$ -0-	\$ -0-	\$ -0-		
2007	-0-	-0-	-0-		
2008	-0-	-0-	-0-		
2009	-0-	-0-	-0-		
2010	-0-	-0-	-0-		
2011	-0-	-0-	-0-		
2012	-0-	-0-	-0-		
2013	-0-	-0-	-0-		
2014	-0-	-0-	-0-		
2015	-0-	-0-	-0-	-0-	0.00%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date:	1/1/2013
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Closed
Remaining Amortization Period:	1 year
Asset Valuation Method:	Market value of assets as determined by the Trustee
Inflation:	3.00%
Salary Increases:	4.50%
Investment Rate of Return:	7.50%
Retirement Age:	Normal Retirement Age
Mortality:	RP2000 Table. This table does not include projected mortality improvements.

Changes in benefit terms: None since January 1, 2013.

BOROUGH OF MYERSTOWN
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 669,000	\$ 669,000	\$ 713,183	\$ 44,183
Licenses and Permits	47,500	47,500	61,486	13,986
Fines	9,800	9,800	8,727	(1,073)
Intergovernmental	399,950	399,950	77,026	(322,924)
Charges for Services	67,740	67,740	33,316	(34,424)
Investment Earnings	217	217	74	(143)
Rental Income	16,040	16,040	14,668	(1,372)
Miscellaneous	31,700	31,700	34,467	2,767
TOTAL REVENUES	<u>\$ 1,241,947</u>	<u>\$ 1,241,947</u>	<u>\$ 942,947</u>	<u>\$ (299,000)</u>
EXPENDITURES				
General Government	\$ 452,655	\$ 452,655	\$ 372,381	\$ 80,274
Public Safety	66,220	66,220	65,390	830
Public Works	301,886	301,886	337,444	(35,558)
Culture and Recreation	44,850	44,850	36,419	8,431
Miscellaneous	570,960	570,960	39,189	531,771
TOTAL EXPENDITURES	<u>\$ 1,436,571</u>	<u>\$ 1,436,571</u>	<u>\$ 850,823</u>	<u>\$ 585,748</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (194,624)</u>	<u>\$ (194,624)</u>	<u>\$ 92,124</u>	<u>\$ 286,748</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ -0-	\$ -0-	\$ 7,363	\$ 7,363
Operating Transfers - Net	48,000	48,000	(18,354)	(66,354)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ (10,991)</u>	<u>\$ (66,354)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (146,624)</u>	<u>\$ (146,624)</u>	<u>\$ 81,133</u>	<u>\$ 220,394</u>