

BOROUGH OF BROOKVILLE

Brookville, Pennsylvania

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Borough Council
Borough of Brookville
Brookville, PA 15825

Members of Council:

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brookville, Pennsylvania, as of and for the year ended December 31, 2015, 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 the modified cash basis of accounting as described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 opinion.

MEMBER:

*American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants*

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brookville, Pennsylvania, as of December 31, 2015, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the governmental funds, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.


Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Brookville, PA's basic financial statements. The combining and individual nonmajor fund financial statements, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Borough of Brookville, Pennsylvania, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board requires to supplement, although not to be a part of, the basic financial statements.


Mauthe, Yutzy, Gabler & Troxell, LLC
Certified Public Accountants
August 25, 2016

BOROUGH OF BROOKVILLE

STATEMENT OF NET POSITION - CASH BASIS

December 31, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,524,751
Due from Brookville Municipal Authority	<u>1,190</u>
Total Assets	<u><u>\$ 1,525,941</u></u>
 <u>LIABILITIES</u>	
Developer Escrow	\$ 1,200
Due to Brookville Municipal Authority	1,377
Payroll Withholdings and Deductions	<u>39,235</u>
Total Liabilities	<u>\$ 41,812</u>
 <u>NET POSITION</u>	
Restricted	\$ 172,160
Unrestricted	<u>1,311,969</u>
Total Net Position	<u>1,484,129</u>
Total Liabilities and Net Position	<u><u>\$ 1,525,941</u></u>

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

STATEMENT OF ACTIVITIES - CASH BASIS

For The Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenditures) Revenue and Changes in Net Assets</u>
	<u>Expenditures</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General Government	\$ 455,172	\$ 227,747	\$	\$ (227,425)
Public Safety	879,923	75,269	20,799	(783,855)
Health and Human Services	2,000			(2,000)
Collection	1,013			(1,013)
Public Works	1,089,406	22,295	137,624	(929,487)
Culture and Recreation	76,961	653		(76,308)
Debt Service	15,666			(15,666)
Total Governmental Activities	\$ 2,520,141	\$ 325,964	\$ 158,423	(2,035,754)
General Revenues:				
Taxes:				
Real Estate				997,354
Occupation and Per Capita				15,037
Local Earned Income				347,923
Local Services Tax				140,489
Other Enabling Taxes				49,295
Permits and Fees				52,735
Grants, Subsidies and Contributions				84,538
Parking Lot Revenues				43,841
Proceeds from Bank Loans				330,100
Miscellaneous Income				34,620
Total General Revenues				2,095,932
Change in Net Position				60,178
Net Position - January 1, 2015				1,423,951
Net Position - December 31, 2015				\$ 1,484,129

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

BALANCE SHEET - CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund - Walter Dick Park Endowment Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 846,064	\$ 354,450	\$ 116,910	\$ 207,327	\$ 1,524,751
Due from Brookville Municipal Authority	1,190				1,190
Due from Other Funds	3,028			1,061	4,089
Total Assets	<u>\$ 850,282</u>	<u>\$ 354,450</u>	<u>\$ 116,910</u>	<u>\$ 208,388</u>	<u>\$ 1,530,030</u>
<u>LIABILITIES</u>					
Developer Escrow	\$ 1,200	\$	\$	\$	\$ 1,200
Due to Other Funds	1,061			3,028	4,089
Due to Brookville Municipal Authority	1,377				1,377
Payroll Withholdings and Deductions	39,235				39,235
Total Liabilities	<u>42,873</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>3,028</u>	<u>45,901</u>
<u>FUND BALANCE</u>					
Non-Spendable			115,743		115,743
Restricted			1,167	55,250	56,417
Committed		354,450			354,450
Assigned				150,110	150,110
Unassigned	807,409				807,409
Total Fund Balance	<u>807,409</u>	<u>354,450</u>	<u>116,910</u>	<u>205,360</u>	<u>1,484,129</u>
Total Liabilities and Fund Balance	<u>\$ 850,282</u>	<u>\$ 354,450</u>	<u>\$ 116,910</u>	<u>\$ 208,388</u>	<u>\$ 1,530,030</u>

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES - CASH BASIS

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

	General Fund	Capital Projects Fund	Permanent Fund - Walter Dick Park Endowment Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,362,307	\$	\$	\$ 187,791	\$ 1,550,098
Licenses, Permits and Fees	60,538				60,538
Grants, Gifts and Intergovernmental Revenues	117,054			125,907	117,054
Fines, Forfeits and Costs	54,309				54,309
Charges for Services	79,450				79,450
Other Revenues	228,530		488	74	229,092
Other Financing Sources	363,871				363,871
Total Revenues and Other Financing Sources	<u>2,266,059</u>	<u>- 0 -</u>	<u>488</u>	<u>313,772</u>	<u>904,314</u>
Expenditures:					
General Government	451,981			3,191	455,172
Public Safety	799,923			80,000	879,923
Health and Human Services Collection	2,000 1,013				
Public Works	844,969			244,437	1,089,406
Culture and Recreation	24,068	36,193		16,700	76,961
Debt Service	5,810			9,856	15,666
Total Expenditures	<u>2,129,764</u>	<u>36,193</u>	<u>- 0 -</u>	<u>354,184</u>	<u>2,520,141</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	136,295	(36,193)	488	(40,412)	60,178
Transfers - Net	<u>(97,104)</u>	<u>- 0 -</u>	<u>(1,865)</u>	<u>98,969</u>	<u>- 0 -</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Transfers	39,191	(36,193)	(1,377)	58,557	60,178
Fund Balance, January 1, 2015	<u>768,218</u>	<u>390,643</u>	<u>118,287</u>	<u>146,803</u>	<u>1,423,951</u>
Fund Balance, December 31, 2015	<u>\$ 807,409</u>	<u>\$ 354,450</u>	<u>\$ 116,910</u>	<u>\$ 205,360</u>	<u>\$ 1,484,129</u>

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Real Estate and Occupation Taxes:				
Current Real Estate	\$ 722,000	\$ 722,000	\$ 747,492	\$ 25,492
Delinquent Real Estate	23,700	23,700	62,713	39,013
Current Occupation	3,100	3,100	2,948	(152)
Delinquent Occupation	600	600	282	(318)
	<u>749,400</u>	<u>749,400</u>	<u>813,435</u>	<u>64,035</u>
Total Real Estate and Occupation Taxes				
Local Enabling Taxes:				
Current Per Capita	10,100	10,100	8,408	(1,692)
Delinquent Per Capita	3,000	3,000	2,757	(243)
Local Services	130,000	130,000	140,489	10,489
Earned Income	325,000	325,000	347,923	22,923
Mechanical Devices	2,800	2,800	- 0 -	(2,800)
Real Estate Transfer	30,000	30,000	49,295	19,295
	<u>500,900</u>	<u>500,900</u>	<u>548,872</u>	<u>47,972</u>
Total Local Enabling Taxes				
Total Taxes	<u>1,250,300</u>	<u>1,250,300</u>	<u>1,362,307</u>	<u>112,007</u>
Licenses, Permits and Fees:				
Health Licenses	3,000	3,000	2,870	(130)
TV Cable Franchise Fee	45,000	45,000	52,735	7,735
Street Cutting Permits	1,000	1,000	600	(400)
Miscellaneous Permits	2,775	2,705	4,333	1,628
	<u>51,775</u>	<u>51,705</u>	<u>60,538</u>	<u>8,833</u>
Total Licenses, Permits and Fees				

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Grants, Gifts and Intergovernmental Revenues:				
Foreign Fire Insurance	23,000	23,000	20,799	(2,201)
State Aid for Pension	89,600	89,600	82,338	(7,262)
Penn DOT - Operating Grants	1,700	1,700	- 0 -	(1,700)
Alcoholic Beverage Taxes	2,000	2,000	2,200	200
Pine Creek Township/Evans Street Act 13 Impact Fees	- 0 -	- 0 -	1,120	1,120
	<u>4,000</u>	<u>4,000</u>	<u>10,597</u>	<u>6,597</u>
Total Grants, Gifts and Intergovernmental Revenues	<u>120,300</u>	<u>120,300</u>	<u>117,054</u>	<u>(3,246)</u>
Fines, Forfeits and Costs:				
Semi-Annual State Police Fines	- 0 -	- 0 -	2,587	2,587
Magistrate Revenues	22,000	22,000	23,388	1,388
Clerk of Courts Revenues	15,300	15,300	9,817	(5,483)
Court DUI Revenues	9,000	9,000	- 0 -	(9,000)
Parking Meter Fines	14,000	14,000	18,125	4,125
Traffic Violations - Local Police Fines	4,200	4,200	392	(3,808)
	<u>64,500</u>	<u>64,500</u>	<u>54,309</u>	<u>(10,191)</u>
Charges for Services:				
Zoning, Subdivision, and Code Enforcement	3,300	3,300	4,553	1,253
Police Services	14,400	14,400	13,537	(863)
Parking Lots and Meters	44,000	44,000	43,841	(159)
Snow Removal	1,500	1,500	4,527	3,027
Recreation Revenue	150	150	165	15
Other Charges for Supplies and Services	5,405	5,405	12,827	7,422
	<u>68,755</u>	<u>68,755</u>	<u>79,450</u>	<u>10,695</u>

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Other Revenues:				
Interest Income	1,150	1,000	783	(217)
Rents - Borough Complex and Land	230,445	230,445	227,747	(2,698)
Total Other Revenues	231,595	231,445	228,530	(2,915)
Total Revenues	1,787,225	1,787,005	1,902,188	115,183
Other Financing Sources:				
Insurance Reimbursements	- 0 -	- 0 -	23,057	23,057
Sale of Property	- 0 -	- 0 -	10,714	10,714
Proceeds of Bank Loans	- 0 -	- 0 -	330,100	330,100
Reserves - Previous Years	350,450	350,450	- 0 -	(350,450)
Total Other Financing Sources	350,450	350,450	363,871	13,421
Total Revenues and Other Financing Sources	2,137,675	2,137,455	2,266,059	128,604
Expenditures:				
General Government:				
Legislative Body:				
Council Salaries	4,200	4,200	4,200	- 0 -
Mayor Salary	1,200	1,200	1,200	- 0 -
Other Operating Expenditures	150	17	14	3
Total Legislative Body	5,550	5,417	5,414	3
Executive:				
Salary - Borough Manager	25,000	25,000	25,000	- 0 -
Salary - Staff	57,520	54,480	43,440	11,040
Social Security/Medicare	18,500	9,006	5,902	3,104
Employee Benefits	39,335	22,651	19,681	2,970
Total Executive	140,355	111,137	94,023	17,114
Financial Administration:				
Audit Fees	14,000	14,625	14,625	- 0 -
Tax Collection:				
Collector's Commission	11,000	10,625	10,593	32
Other Operating Expenditures	3,250	4,661	4,921	(260)
Berkheimer EIT Commission	6,000	6,003	6,079	(76)
Total Tax Collection	20,250	21,289	21,593	(304)

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Solicitor/Legal Services:				
Legal Services	17,000	16,775	16,668	107
Ordinance Codification	3,000	2,000	1,316	684
Advertising Costs	1,800	2,764	2,765	(1)
Total Solicitor/Legal Services	21,800	21,539	20,749	790
General Government Administration:				
Office Supplies	4,850	5,436	4,621	815
Telephone	2,000	2,744	2,744	- 0 -
Travel	2,000	1,808	1,302	506
Insurance/Liability	17,000	21,997	21,962	35
Dues and Conventions	6,750	8,992	8,991	1
Employee Pension	60,600	62,645	62,627	18
Employee Retirement	35,000	35,000	35,000	- 0 -
Other Expenditures	1,950	2,315	2,564	(249)
Total General Government Administration	130,150	140,937	139,811	1,126
IT-Networking Services:				
Contracted Services	16,250	7,525	6,796	729
Supplies and Maintenance	2,800	2,800	1,722	1,078
Total IT-Networking Services	19,050	10,325	8,518	1,807
Engineer Services:				
Professional Services	6,000	6,000	4,498	1,502
General Government Buildings:				
Cleaning and Maintenance	12,000	15,292	14,637	655
Utilities and Telephone	65,700	57,653	54,974	2,679
Buildings - Repairs and Maintenance	45,000	63,148	63,123	25
Property Taxes	10,200	10,025	10,016	9
Total General Government Buildings	132,900	146,118	142,750	3,368
Total General Government	490,055	477,387	451,981	25,406

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety:				
Police:				
Salaries and Wages	419,620	417,020	413,127	3,893
Other Compensation	37,000	37,000	32,910	4,090
Employee Benefits	129,000	135,947	124,356	11,591
Employee Pension	29,000	30,747	30,747	- 0 -
Insurance/Liability	33,150	40,993	40,983	10
Office Supplies and Expenditures	8,250	5,692	3,732	1,960
Special Program Expenditures	12,500	11,280	921	10,359
Other Operating Expenditures	129,350	120,830	112,665	8,165
	<hr/>	<hr/>	<hr/>	<hr/>
Total Police	797,870	799,509	759,441	40,068
Fire Protection:				
Insurance - Workers Comp.	11,800	12,644	12,644	- 0 -
Firemen's Relief Fund	23,000	22,156	20,799	1,357
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fire Protection	34,800	34,800	33,443	1,357
UCC and Code Enforcement:				
Salary - Code Officer	6,000	4,961	3,000	1,961
Enforcement/Inspection Costs	3,000	4,039	4,039	- 0 -
	<hr/>	<hr/>	<hr/>	<hr/>
Total UCC and Code Enforcement	9,000	9,000	7,039	1,961
Planning and Zoning:				
Advertising	1,500	1,500	- 0 -	1,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Public Safety	843,170	844,809	799,923	44,886
Health and Human Services:				
Salary - Health Inspector	2,000	2,000	2,000	- 0 -
	<hr/>	<hr/>	<hr/>	<hr/>
Total Health and Human Services	2,000	2,000	2,000	- 0 -
Collection:				
Solid Waste Collection/Disposal	500	500	500	- 0 -
Jefferson County Tax Collection	513	513	513	- 0 -
	<hr/>	<hr/>	<hr/>	<hr/>
Total Collection	1,013	1,013	1,013	- 0 -

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Public Works:				
General Services:				
Salaries and Wages	277,000	272,087	268,234	3,853
Other Compensation	35,000	34,340	34,322	18
Employee Benefits	169,800	158,627	140,560	18,067
Insurance	16,850	20,414	20,414	- 0 -
Street Lights	- 0 -	21,893	21,893	- 0 -
Purchase of Equipment	160,500	159,055	188,752	(29,697)
Other Operating Expenditures	4,600	7,322	5,458	1,864
Total General Services	<u>663,750</u>	<u>673,738</u>	<u>679,633</u>	<u>(5,895)</u>
Cleaning Streets and Gutters:				
Equipment Rental	8,500	1,760	1,760	- 0 -
Winter Maintenance:				
Snow Removal Supplies	48,000	63,830	63,706	124
Traffic Control Devices:				
Utility - Electric	7,000	6,600	3,715	2,885
Materials and Supplies	8,000	7,333	5,723	1,610
Total Traffic Control Devices	<u>15,000</u>	<u>13,933</u>	<u>9,438</u>	<u>4,495</u>
Sidewalks and Crosswalks:				
Line Painting - Maintenance	10,000	14,000	13,098	902
Repairs of Tools and Machinery:				
Vehicle Parts and Repairs	74,250	58,040	37,884	20,156
Small Tools and Maintenance	300	4,312	4,078	234
Parking Meter Supplies	1,000	1,980	1,980	- 0 -
Total Repairs of Tools and Machinery	<u>75,550</u>	<u>64,332</u>	<u>43,942</u>	<u>20,390</u>
Highway Construction Projects:				
Street Maintenance	45,000	33,400	33,392	8

The accompanying notes are an integral part of the financial statements

GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGESIN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Storm Water - Flood Control:				
Maintenance	10,000	10,000	- 0 -	10,000
Total Public Works	<u>875,800</u>	<u>874,993</u>	<u>844,969</u>	<u>30,024</u>
Culture and Recreation:				
Participant Recreation:				
Salary - Staff	11,000	2,219	2,217	2
Other Supplies	200	201	159	42
Park Projects	15,000	15,000	- 0 -	15,000
Total Participant Recreation	<u>26,200</u>	<u>17,420</u>	<u>2,376</u>	<u>15,044</u>
Parks:				
Repairs and Maintenance	15,000	17,280	17,277	3
Sanitation Supplies	2,000	3,128	3,128	- 0 -
Utility - Electric	1,000	1,372	1,287	85
Total Parks	<u>18,000</u>	<u>21,780</u>	<u>21,692</u>	<u>88</u>
Total Culture and Recreation	<u>44,200</u>	<u>39,200</u>	<u>24,068</u>	<u>15,132</u>
Debt Service:				
Principal on Bank Loans	65,000	867	4,690	(3,823)
Interest on Bank Loans	1,200	1,200	1,120	80
Total Debt Service	<u>66,200</u>	<u>2,067</u>	<u>5,810</u>	<u>(3,743)</u>
Total Expenditures	<u>2,322,438</u>	<u>2,241,469</u>	<u>2,129,764</u>	<u>111,705</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	<u>(184,763)</u>	<u>(104,014)</u>	<u>136,295</u>	<u>240,309</u>

The accompanying notes are an integral part of the financial statements

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

Page 8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Interfund Operating Transfers:				
Transfer from Walter Dick Park				
Endowment Fund	- 0 -	- 0 -	1,865	1,865
Transfer to Liquid Fuels	<u>- 0 -</u>	<u>(98,969)</u>	<u>(98,969)</u>	<u>- 0 -</u>
Total Transfers (Net)	<u>- 0 -</u>	<u>(98,969)</u>	<u>(97,104)</u>	<u>1,865</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Transfers	<u>\$ (184,763)</u>	<u>\$ (202,983)</u>	39,191	<u>\$ 242,174</u>
Fund Balance, January 1, 2015			<u>768,218</u>	
Fund Balance, December 31, 2015			<u>\$ 807,409</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Other Revenues:				
Interest Income	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ - 0 -</u>	<u>\$ (600)</u>
Expenditures:				
Public Safety:				
Purchase of Police Vehicle	<u>35,000</u>	<u>35,000</u>	<u>- 0 -</u>	<u>35,000</u>
Public Works:				
Traffic Signal Projects	37,160	37,160	- 0 -	37,160
Machinery and Equipment	124,000	124,000	- 0 -	124,000
Street Improvement Projects	<u>160,000</u>	<u>160,000</u>	<u>- 0 -</u>	<u>160,000</u>
Total Public Works	<u>321,160</u>	<u>321,160</u>	<u>- 0 -</u>	<u>321,160</u>
Culture and Recreation:				
Rails to Trails Projects	6,925	6,925	7,153	(228)
Park Projects	<u>26,277</u>	<u>26,277</u>	<u>29,040</u>	<u>(2,763)</u>
Total Culture and Recreation	<u>33,202</u>	<u>33,202</u>	<u>36,193</u>	<u>(2,991)</u>
Total Expenditures	<u>389,362</u>	<u>389,362</u>	<u>36,193</u>	<u>353,169</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(388,762)</u>	<u>(388,762)</u>	<u>(36,193)</u>	<u>352,569</u>
Transfer from General Fund	<u>315,862</u>	<u>315,862</u>	<u>- 0 -</u>	<u>(315,862)</u>
Excess (Deficiency) of Revenues Over Expenditures and Transfers	<u>\$ (72,900)</u>	<u>\$ (72,900)</u>	<u>(36,193)</u>	<u>\$ 36,707</u>
Fund Balance, January 1, 2015			<u>390,643</u>	
Fund Balance, December 31, 2015			<u>\$ 354,450</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

PERMANENT FUND - WALTER DICK PARK ENDOWMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Other Revenues:				
Interest Income	\$ 1,285	\$ 1,285	\$ 488	\$ (797)
Expenditures:				
Culture and Recreation:				
Participant Recreation	<u>1,974</u>	<u>1,974</u>	<u>- 0 -</u>	<u>1,974</u>
Excess (Deficiency) of Revenues Over Expenditures	(689)	(689)	488	1,177
Transfer to General Fund	<u>- 0 -</u>	<u>- 0 -</u>	<u>(1,865)</u>	<u>(1,865)</u>
Excess (Deficiency) of Revenues Over Expenditures and Transfers	<u>\$ (689)</u>	<u>\$ (689)</u>	(1,377)	<u>\$ (688)</u>
Fund Balance, January 1, 2015			<u>118,287</u>	
Fund Balance, December 31, 2015			<u>\$ 116,910</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Borough of Brookville.

Government

The Borough of Brookville is organized under the Mayor-Council form of government, with seven members of Council. The Mayor and Council Members are elected to four-year terms by the residents of the Borough, with council terms staggered. The Council is responsible for setting policy, enacting ordinances, adopting the annual operation budget, and establishing tax rates.

Basis of Presentation

As discussed further in Note 1, these financial statements are presented on a cash basis of accounting. They include only the funds and activities of the Borough of Brookville. The Brookville Municipal Authority, which is an operating water and sewer authority incorporated by the Borough of Brookville under the Municipal Authorities Act of 1945, as amended, is not considered a component unit of the Borough of Brookville. The financial activity of the Municipal Authority has not been included in the financial statements of the Borough. Separate financial statements are issued for the Brookville Municipal Authority.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Borough of Brookville as a whole. They include all funds of the reporting entity. 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 Borough of Brookville does not have any business-type activities to be reported on the government-wide financial statements.

Fund Financial Statements

Fund financial statements of the Borough of Brookville are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The Borough of Brookville's funds are organized into one major category (governmental funds). The Borough presently has no proprietary (business-type) or fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Borough (the General Fund) or the fund's assets, liabilities, revenues, or expenditures are at least 10 percent of the total for all funds of the governmental fund category, or the fund is considered to be of special importance that reporting as a major fund is considered appropriate. The Borough considers the General Fund, the Capital Projects Fund, and Walter Dick Park Endowment Fund to be major funds.

The funds of the Borough of Brookville as included in these financial statements are described below:

Governmental Funds

General Fund - 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 and report all activities of the Borough except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Borough of Brookville includes the following Special Revenue Funds, all of which are reported as nonmajor funds:

Liquid Fuel Fund - Accounts for revenues received from the Commonwealth of Pennsylvania from the State Liquid Fuels Tax Fund and the related expenditures for building, improving or maintaining local roads and bridges.

Street Light Fund - Accounts for local tax revenues and expenditures to provide street lighting within the Borough.

Fire Protection Fund - Accounts for local tax revenues and expenditures to provide fire protection services to the Borough.

Library Fund - Accounts for local tax revenues and expenditures to assist the local library to provide services to the residents of the Borough.

Capital Projects Fund - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The Borough of Brookville has one Capital Projects Fund which accounts for contributions and specific revenues and transfers from the Borough's General Fund and expenditures for various capital acquisitions as the Borough Council may designate. The fund is reported as a major fund.

Permanent Fund - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government programs. The Borough of Brookville has one Permanent Fund, the Walter Dick Park Endowment Fund, which accounts for contributions and other revenues to be used to provide funds for the maintenance and upkeep of the Walter Dick Memorial Park. This fund is reported as a major fund.

Measurement Focus and Basis of Accounting

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable resources during a given period.

Both the government-wide financial statements (Statement of Net Position and the Statement of Activities) and the fund financial statements (Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, all governmental funds) are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues and expenditures when they result from cash transactions. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statement. Fixed assets and infrastructure are not capitalized and no provision has been made for depreciation in the government-wide financial statements. Outside debt and other long-term liabilities have not been recognized in the government-wide Statement of Net Position and the fund financial statements.

Since both the government-wide financial statements and the fund financial statements are prepared on the cash basis of accounting, there are no reconciliation statements necessary for the Balance Sheet to the Statement of Net Position nor for the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities as would be necessary under accounting principles generally accepted in the United States of America.

Budgets and Budgetary Accounting

Budgets are adopted annually by the Borough Council for all governmental funds, using the cash basis of accounting. Any transfers or revisions of budgeted amounts must be approved by Borough Council, and unused appropriations of all funds lapse at the end of the year.

Cash and Cash Equivalents

The deposit and investment policy of the Borough adhere to state statutes. There were no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the Borough.

Custodial credit risk related to deposits is risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits for all accounts are insured to the maximum limit as provided by law and amounts in excess of the insured amount must be collateralized under Act 72 as provided by law. At year-end, \$869,899 of the Borough's bank balance of \$1,542,060 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Borough's name.

Reconciliation to Financial Statements

Uncollateralized amount above	\$ 869,899
Plus: Insured amount	672,161
Less: Outstanding checks	(17,309)
Add: Deposits in transit	<u>- 0 -</u>
Carrying amount – cash and cash equivalents	<u>\$ 1,524,751</u>

Included in the cash and cash equivalents balance of \$1,524,751 are the following items:

Bank Certificates of Deposit	3 - 12 months	\$ 396,227
Pennsylvania Local Government Investment Trust Accounts (PLGIT)		<u>4,458</u>
Total Cash Equivalents		<u>\$ 400,685</u>

The Pennsylvania Local Government Investment Trust (PLGIT) is governed by a Board of Trustees each of whom is an active local government or Borough official. The Board monitors the Trust and its investments. The allowable investments of the Trust consists of obligations of the United States Government or its agencies or instrumentalities; the Commonwealth of Pennsylvania or its agencies, instrumentalities or political subdivision; and deposits in savings accounts or time deposits of institutions fully insured by the Federal Deposit Insurance Corporation and, when required, collateralized under the provisions of Act 72 (P.L. 181, No. 72 as amended).

The Borough does not have an investment policy for credit risk.

Property Taxes

Real estate property taxes for 2015 were levied in March of 2015, and payment dates were as follows:

Face less 2% discount - 60 days from levy date (3-3-15 to 5-5-15)
At face - 61 days to 120 days from levy date (5-6-15 to 7-8-15)
Face plus 10% penalty - after 120 days from levy date (after 7-9-15)

Unpaid current year property taxes of \$52,298 were returned by the Borough's elected tax collector to the Jefferson County Tax Claim Bureau during January, 2016.

Total adjusted market value of taxable real estate for 2015 was \$82,771,540. The total tax assessed against this value was \$1,019,332 or 12.315 mills on the market value, for which 9.99 mills was designated for general purposes, .60 mill for street lighting, 1.50 mills for fire protection and .225 mill for library support. The total tax millage of 12.315 mills is an increase of 1.400 mills over the previous year, which increased general purposes by 1 mill and fire protection by .4 mill.

Other Taxes

The Borough also imposes a \$5.00 per capita tax, a \$47.00 local services tax, an occupation tax of 36 mills on assessed value of \$150,420, a one-half percent earned income tax and a one-half percent real estate transfer tax.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Borough. Appropriations lapse at year-end, and any encumbrances outstanding would need to be reappropriated in the following year.

Subsequent Events

Management has evaluated subsequent events through August 25, 2016, the date the financial statements were available.

Compensated Absences

Employees earn vacation based upon years of continuous service to the Borough. Vacation time earned is to be used during the year earned unless the demands of the work schedule prohibit the employee from using the vacation, in which case the vacation time may be carried over for one year with the consent of the Borough or payment in lieu of vacation may be made.

Employees also earn twelve days of sick leave annually, which may be accumulated up to a maximum of 104 days for non-uniformed employees and 180 days for uniformed employees. Sick leave must be used during employment with the Borough. Termination of employment also terminates any accumulated sick leave, except for uniformed employees who meet certain qualifications, in which case 1/8 to 1/4 of total accumulated sick days will be paid at their current annual salary.

The cost of vacation and sick leave is recognized when payment is made to the employee. No provision has been made to record accumulated cost of unused vacation or sick leave as of December 31, 2015.

Note 2 - Due from/to Other Fund

Due from/to Other Funds of \$4,089 consists of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
General	Street Light	\$ 331	Allocate September, 2015 Tax Revenues
General	Fire Protection	606	Allocate September, 2015 Tax Revenues
General	Library	124	Allocate September, 2015 Tax Revenues
Liquid Fuels	General	3,000	Advance for Cash Flow
Library	General	28	Expenditure Reimbursement
		<u>\$ 4,089</u>	

Due from/to Brookville Municipal Authority consists of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Water	General (Clearing)	595	Share of Payroll Taxes
Sewer	General (Clearing)	595	Share of Payroll Taxes
	Total Due From	<u>\$ 1,190</u>	
General (Clearing)	Water	614	Reimburse Expenditures
General (Clearing)	Sewer	763	Reimburse Expenditures
	Total Due To	<u>\$ 1,377</u>	

Note 3 - Pension Plans

Borough employees are eligible to participate in one of two separate pension plans. All full-time uniformed employees of the Borough are eligible to participate in the Police Pension Plan and non-uniformed employees participate in the State administered Municipal Retirement System.

Police Pension Plan

The Borough of Brookville Police Pension Plan is a single employer defined benefit pension plan administered through the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan was established by Ordinance No. 471, effective January 1, 1985, amended and restated by Ordinance No. 984, effective January 1, 1996, and restated effective December 1, 2013. Disclosures required by the Governmental Accounting Standards Board are included in a separately issued financial report, which can be obtained by contacting the Borough of Brookville.

The Plan covers all full-time police officers of the Borough and provides various retirement, disability and death benefits to plan members and their beneficiaries. During the year ended December 31, 2015 members contributed 1.03 percent of compensation to the plan. The minimum municipal obligation for the plan year 2015 was \$30,379 which was fully funded by the Borough of Brookville.

Based upon the January 1, 2015 Act 205 Actuarial Valuation Report, the actuarial accrued liability was \$1,825,714, the actuarial value of assets was \$2,359,826 and the plan's unfunded actuarial accrued liability was (\$534,112) (excess funding).

Update procedures were used to roll forward January 1, 2015 liabilities to the plan's fiscal plan year ending December 31, 2015. The components of the net pension liability as of December 31, 2015 were as follows:

Total Pension Liability	\$ 1,897,042
Plan Fiduciary Net Position	\$ 2,234,352
Net Pension Liability	\$ (337,310)
Plan Fiduciary Net Position as a percentage of total Pension Liability	117.8%

The discount rate used to measure the total pension liability was 7.50%. The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ (125,031)	\$ (337,310)	\$ (516,770)

Schedule of Employer Contributions (as Available)

	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Actuarial Determined Contributions	\$ 28,891	\$ 30,379
Contributions Made	<u>28,891</u>	<u>30,379</u>
Contribution Deficiency (Excess)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Covered Employee Payroll	<u>\$ 324,530</u>	<u>\$ 333,970</u>
Contributions as a percentage of covered employee payroll	8.90%	9.10%

Municipal Retirement Plan

The Borough maintains a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 1016 adopted pursuant to Act 15 and amended by Ordinance No. 1055, effective September 1, 2007. 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. The plans assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by the Governmental Accounting Standards Board are included in PMRS's separately issued Comprehensive Annual Financial Report, which can be obtained by contacting the PMRS accounting office.

The plan covers substantially all full-time non-uniformed employees and provides retirement, disability and death benefits to plan members and their beneficiaries. Members are required to contribute 3.50 percent of compensation to the plan, and may contribute an additional percentage, with the total not to exceed 15 percent of the member's compensation.

Based upon the January 1, 2015 Act 205 Actuarial Valuation Report, the actuarial value of plan assets was \$2,576,804, the actuarial accrued liability was \$2,752,945, and the plan had an unfunded accrued liability of \$176,141.

The minimum municipal obligation for the plan year 2015 was \$60,563 which was fully funded by the Borough of Brookville. The Borough has fully funded the minimum municipal obligation for the past 10 years.

For Government Accounting Standards Board Statement 68 (GASB68) the measurement date is as of December 31, 2014, which is no earlier than the end of the employer's prior fiscal year as allowed by GASB 68. The components of the net pension liability as of December 31, 2014 were as follows:

Total Pension Liability	\$ 2,752,945
Plan Fiduciary Net Position	\$ 2,526,156
Net Pension Liability	\$ 226,789
Plan Fiduciary Net Position as a percentage of Total Pension Liability	91.8%

The discount rate used to measure the total pension liability was 5.50%. The following presents the net pension liability, calculated using the discount rate of 5.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current rate:

	1% Decrease <u>4.50%</u>	Current Rate <u>5.50%</u>	1% Increase <u>6.50%</u>
Net Pension Liability	\$ 475,972	\$ 226,789	\$ 8,775

Schedule of Employer Contributions (as Available)

	<u>December 31, 2014</u>
Actuarial Determined Contributions	\$ 61,497
Contributions Made	<u>61,517</u>
Contribution Deficiency (Excess)	<u>\$ (20)</u>
Covered Employee Payroll	<u>\$ 380,671</u>
Contributions as a percentage of covered employee payroll	16.16%

State Aid for Pensions

During 2015, the Borough received \$82,338 from the Commonwealth of Pennsylvania for the Borough's share of General Municipal Pension System State Aid. The total amount received was allocated into the Borough's sponsored pension plans as detailed above.

Note 4 - Short-Term Debt

To provide short-term financing for the purchase of a new 2015 GMC Truck, the Borough obtained a time note from S&T Bank in the amount of \$30,100. The loan was dated October 21, 2015 and matures on May 1, 2016. Interest only payments are due monthly beginning on December 1, 2015 at the rate of 3.25 percent. Single payment of \$30,100 plus interest is due May 1, 2016. Early payment is permitted. Interest paid during 2015 was \$195.65. The Borough paid-off the note on February 2, 2016.

Note 5 - Long-Term Debt

Public Works Vehicle

The Borough purchased a new 2011 International Dump Truck and heavy duty 10' dump body during 2010 for a total cost of \$113,337.19. A down-payment of \$13,353.19 was made from the Capital Projects Fund and the balance of \$99,984.00 was paid through a loan from S&T Bank. The loan is dated June 17, 2010 and matures June 15, 2015. Payments on the note are to be 20 quarterly payments of \$5,544.64 beginning September 16, 2010, which includes interest calculated on the unpaid principal balance at a fixed rate of 3.970 percent per annum.

Interest of \$149.08 was paid on the note during the current year along with principal of \$9,911.53. The payments were made out of the Liquid Fuels Fund in the amount of \$9,856.36 (principal on the note) and the General Fund in the amount of \$204.25 (principal of \$55.17 and interest of \$149.08). The final payment on the loan was made in 2015.

General Obligation Note

The Borough obtained a general obligation note, series of 2015 from the S&T Bank in the amount of \$300,000.00 to provide funds for various capital expenditures. The note is dated November 25, 2015 and is to be repaid in 60 monthly payments of \$5,409.70 beginning December 25, 2015. The note payment includes interest at the rate of 3.10 percent per annum. The Borough may prepay all or part of the note balance without penalty. The note is secured by the Borough's irrevocable pledge of its full faith, credit and taxing power. One payment was made on the note in 2015 which consisted of interest of \$775.00 and principal of \$4,634.70. The outstanding note balance as of December 31, 2015 is \$295,365.30 and debt service requirements are as follows:

<u>Budget Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 56,559.18	\$ 8,357.22	\$ 64,916.40
2017	58,337.65	6,578.75	64,916.40
2018	60,172.03	4,744.37	64,916.40
2019	62,064.12	2,852.28	64,916.40
2020	<u>58,232.32</u>	<u>901.70</u>	<u>59,134.02</u>
	<u>\$ 295,365.30</u>	<u>\$ 23,434.32</u>	<u>\$ 318,799.62</u>

Note 6 - Fire Protection

By agreement between the Borough and the Brookville Volunteer Fire Company dated January 6, 1992, the Borough recognized the Fire Company as the only fire company to receive tax millage for fire protection from the Borough. The Fire Company was to purchase real estate and construct a fire hall to house all fire equipment, as well as provide for equipment needs in the immediate future. The Borough appropriated tax revenues of 3 mills for fire protection and 1 mill for general purposes (a total of 4 mills), which was amended in 2005 to adjust for change in the rate of tax assessment to 1.1 mill for fire protection and .3 mill for general purposes (a total 1.4 mills). The Fire Company was to use \$38,000 of the tax revenues for retirement of debt incurred for the acquisition of real estate and construction of the fire hall, and the balance of tax revenue was to be used for operational costs of providing fire protection, including maintenance, upkeep, repair and replacement of the fire hall and equipment, including insurance, utilities and fuel. The term of the agreement was for 15 years.

A new agreement between the Borough and the Brookville Volunteer Fire Company dated January 31, 2007 continued to recognize the Brookville Volunteer Fire Company as the only fire company to receive tax millage for fire protection from the Borough. The Borough will appropriate annually the amount of money generated from taxes assessed on real estate (for 2015, the millage was 1.50 mills) and 3.00 mills of tax on all occupations within the Borough. The Borough transferred a total of \$80,000 to the Brookville Volunteer Fire Company from the Borough's Fire Protection Fund during 2015.

Note 7 - Permanent Fund – Walter Dick Park Endowment Fund

In 1997, the Borough was the recipient of a gift from a local citizen which is subject to certain restrictive conditions. This principal is permanently restricted and may not be liquidated, pledged or hypothecated in any manner. Interest, dividends or other income earned on the principal balance each year is to be allocated 20% to the restricted principal balance and 80% may be used exclusively for the maintenance and improvements of the Dr. Walter Dick Memorial Park or for any expenses reasonably related thereto and for no other purpose. In the event the Borough of Brookville materially breaches the conditions of the gift and fails to correct the breach within 60 days of written notice, then the gift will be forfeited in its entirety and the existing principal balance shall become the property of a local nonprofit organization.

A summary of restricted/non-spendable fund balance is as follows:

	<u>Restricted</u>	<u>Non-Spendable</u>
Beginning Balance, January 1, 2015	\$ 2,641.84	\$ 115,645.07
Contributions Received	- 0 -	- 0 -
Interest Income	390.51	97.63
Disbursement for Park	<u>(1,864.77)</u>	<u>- 0 -</u>
Ending Balance, December 31, 2015	<u>\$ 1,167.58</u>	<u>\$ 115,742.70</u>

Note 8 - Contribution from Fire Company

During 2013, the Borough received a \$55,000 contribution from the Brookville Fire Company to be used for a future purchase of a new fire truck. The money was deposited into the Borough's Fire Protection Fund and along with interest earned of \$250.36 is reflected as restricted fund balance in the Fire Protection Fund.

Note 9 - Fund Balance

The Borough has implemented the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which classifies fund balances based upon the relative strength of the constraints that control the purposes for which specific amounts can be spent. From the most restrictive to the least restrictive, fund balance classifications are:

1. Non-spendable – amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
2. Restricted – amounts that are constrained for a specific purpose through restrictions of external parties or by enabling legislation.
3. Committed – amounts that are constrained for specific purposes as approved by formal action of the government's highest level of decision-making authority.
4. Assigned – amounts that are constrained for specific purposes but are neither restricted nor committed.
5. Unassigned – residual classification for the general fund, it includes all amounts that are not constrained as reported in all other classifications.

The Borough Council is the borough's highest level decision making authority. The council must approve the commitment or modification of fund balance. The Borough considers committed fund balance to be spent when expenditures have been specifically identified to release the commitment. Other classifications of fund balance can be made by the management of the Borough.

Fund Balance on the Balance Sheet – Cash Basis of all the governmental funds consists of the following:

Non-Spendable	- Principal Balance of the Walter Dick Park Endowment Fund		\$ 115,743
Restricted	- Eighty Percent Portion of Earnings in the Walter Dick Park Endowment Fund	1,167	
	- Contributed Funds for the Purchase of a Fire Truck	<u>55,250</u>	56,417
Committed	- For Capital Projects and Acquisitions		354,450
Assigned	- For Highway Re-Surfacing	33,352	
	- For Street Lighting	44,707	
	- For Fire Protection	64,932	
	- For Library Services	<u>7,119</u>	150,110
Unassigned	- General Fund		<u>807,409</u>
Total Fund Balance			<u>\$ 1,484,129</u>

Note 10 - Contingencies

The Borough participates in both state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Loan Guarantee Agreement

The Borough of Brookville has entered into a loan guarantee agreement dated December 30, 2015 among the Borough of Brookville, the Brookville Municipal Authority, and S&T Bank in which the Borough pledges its full faith, credit and taxing power to guarantee the Brookville Municipal Authority's short-term construction loan in the maximum principal amount of \$9,742,000. The loan proceeds are to be used in connection with the Authority's Wastewater System Improvement project. The short-term loan is scheduled to mature no later than December 1, 2018 along with all unpaid interest. The Brookville Municipal Authority is to repay the short-term loan at the completion of the project through a permanent financing loan received from the U.S. Department of Agriculture, Rural Utilities Service. The amount advanced on the short-term loan as of December 31, 2015 was \$80,740.71.

Note 11 - Risk Management

The Borough is exposed to various risks of loss related to limited torts, theft, damage or destruction of assets; errors and omissions and natural disasters for which the Borough carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

BOROUGH OF BROOKVILLE

COMBINING BALANCE SHEET - CASH BASIS

ALL SPECIAL REVENUE FUNDS

NON-MAJOR FUNDS

December 31, 2015

	Liquid Fuel Fund	Street Light Fund	Fire Protection Fund	Library Fund	Total Special Revenue Funds
Cash	\$ 36,352	\$ 44,376	\$ 119,576	\$ 7,023	\$ 207,327
Due from Other Funds		331	606	124	1,061
Total Assets	<u>\$ 36,352</u>	<u>\$ 44,707</u>	<u>\$ 120,182</u>	<u>\$ 7,147</u>	<u>\$ 208,388</u>
LIABILITIES AND FUND BALANCE					
Liabilities-Due to Other Funds	\$ 3,000	\$ - 0 -	\$ - 0 -	\$ 28	\$ 3,028
Fund Balance:					
Restricted			55,250		55,250
Assigned	33,352	44,707	64,932	7,119	150,110
Total Fund Balance	<u>33,352</u>	<u>44,707</u>	<u>120,182</u>	<u>7,119</u>	<u>205,360</u>
Total Liabilities and Fund Balance	<u>\$ 36,352</u>	<u>\$ 44,707</u>	<u>\$ 120,182</u>	<u>\$ 7,147</u>	<u>\$ 208,388</u>

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES - CASH BASIS

ALL SPECIAL REVENUE FUNDS

NON-MAJOR FUNDS

For The Year Ended December 31, 2015

	Liquid Fuel <u>Fund</u>	Street Light <u>Fund</u>	Fire Protection <u>Fund</u>	Library <u>Fund</u>	Total Special Revenue <u>Funds</u>
Revenues:					
Taxes	\$	\$ 49,323	\$ 120,092	\$ 18,376	\$ 187,791
Grants, Gifts and Intergovernmental Revenues	125,907				125,907
Other Revenues	8		66		74
Total Revenues	<u>125,915</u>	<u>49,323</u>	<u>120,158</u>	<u>18,376</u>	<u>313,772</u>
Expenditures:					
General Government		1,016	1,822	353	3,191
Public Safety			80,000		80,000
Public Works	188,871	55,566			244,437
Culture and Recreation				16,700	16,700
Debt Service	9,856				9,856
Total Expenditures	<u>198,727</u>	<u>56,582</u>	<u>81,822</u>	<u>17,053</u>	<u>354,184</u>
Excess (Deficiency) of Revenues Over Expenditures	(72,812)	(7,259)	38,336	1,323	(40,412)

The accompanying notes are an integral part of the financial statements

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - CASH BASIS

ALL SPECIAL REVENUE FUNDS

Page 2

	Liquid Fuel Fund	Street Light Fund	Fire Protection Fund	Library Fund	Total Special Revenue Funds
Transfer from General Fund	98,969				98,969
Excess (Deficiency) of Revenues Over Expenditures and Transfers	26,157	(7,259)	38,336	1,323	58,557
Fund Balance, January 1, 2015	7,195	51,966	81,846	5,796	146,803
Fund Balance, December 31, 2015	\$ 33,352	\$ 44,707	\$ 120,182	\$ 7,119	\$ 205,360

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

LIQUID FUEL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Grants, Gifts and Intergovernmental Revenues:				
State Liquid Fuel Tax Grant	\$ 120,781	\$ 120,781	\$ 124,627	\$ 3,846
State Turnback Allocation	1,250	1,250	1,280	30
	<hr/>	<hr/>	<hr/>	<hr/>
Total Grants, Gifts and Intergovernmental Revenues	122,031	122,031	125,907	3,876
	<hr/>	<hr/>	<hr/>	<hr/>
Other Revenues:				
Interest Income	- 0 -	- 0 -	8	8
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	122,031	122,031	125,915	3,884
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Public Works:				
Street Paving Projects	200,000	200,000	188,871	11,129
	<hr/>	<hr/>	<hr/>	<hr/>
Debt Service:				
Principal - Dump Truck Loan	21,000	21,000	9,856	11,144
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	221,000	221,000	198,727	22,273
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(98,969)	(98,969)	(72,812)	26,157
	<hr/>	<hr/>	<hr/>	<hr/>
Transfer from General Fund	98,969	98,969	98,969	- 0 -
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures and Transfers	\$ - 0 -	\$ - 0 -	26,157	\$ 26,157
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, January 1, 2015			7,195	
			<hr/>	
Fund Balance, December 31, 2015			\$ 33,352	
			<hr/>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

STREET LIGHT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Current Real Estate	\$ 45,500	\$ 45,500	\$ 44,894	\$ (606)
Delinquent Real Estate	100	100	4,108	4,008
Current Occupation	305	305	293	(12)
Delinquent Occupation	15	15	28	13
Total Taxes	<u>45,920</u>	<u>45,920</u>	<u>49,323</u>	<u>3,403</u>
Total Revenues	<u>45,920</u>	<u>45,920</u>	<u>49,323</u>	<u>3,403</u>
Expenditures:				
General Government:				
Audit Fees	1,000	1,000	- 0 -	1,000
Tax Collection	1,000	1,000	895	105
Miscellaneous	10	10	121	(111)
Total General Government	<u>2,010</u>	<u>2,010</u>	<u>1,016</u>	<u>994</u>
Public Works:				
Streets and Highways:				
Street Lighting	38,000	38,000	51,791	(13,791)
Capital Purchases - Light Poles	3,000	3,000	- 0 -	3,000
Maintenance and Supplies	2,910	2,910	3,775	(865)
Total Public Works	<u>43,910</u>	<u>43,910</u>	<u>55,566</u>	<u>(11,656)</u>
Total Expenditures	<u>45,920</u>	<u>45,920</u>	<u>56,582</u>	<u>(10,662)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	(7,259)	<u>\$ (7,259)</u>
Fund Balance, January 1, 2015			<u>51,966</u>	
Fund Balance, December 31, 2015			<u>\$ 44,707</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

FIRE PROTECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Current Real Estate	\$ 90,400	\$ 90,400	\$ 112,240	\$ 21,840
Delinquent Real Estate	100	100	7,531	7,431
Current Occupation	255	255	293	38
Delinquent Occupation	30	30	28	(2)
Total Taxes	<u>90,785</u>	<u>90,785</u>	<u>120,092</u>	<u>29,307</u>
Other Revenues:				
Interest Income	<u>- 0 -</u>	<u>- 0 -</u>	66	66
Total Revenues	<u>90,785</u>	<u>90,785</u>	<u>120,158</u>	<u>29,373</u>
Expenditures:				
General Government:				
Tax Collection	1,500	1,500	1,519	(19)
Miscellaneous	285	285	303	(18)
Total General Government	<u>1,785</u>	<u>1,785</u>	<u>1,822</u>	<u>(37)</u>
Public Safety:				
Fire Protection:				
Fire Operations/Transfer to Fire Dept.	<u>89,000</u>	<u>89,000</u>	<u>80,000</u>	<u>9,000</u>
Total Expenditures	<u>90,785</u>	<u>90,785</u>	<u>81,822</u>	<u>8,963</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	38,336	<u>\$ 38,336</u>
Fund Balance, January 1, 2015			<u>81,846</u>	
Fund Balance, December 31, 2015			<u>\$ 120,182</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

LIBRARY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - ACTUAL AND BUDGET - CASH BASIS

For The Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Current Real Estate	\$ 16,500	\$ 16,707	\$ 16,836	\$ 129
Delinquent Real Estate	50	550	1,540	990
Total Taxes	<u>16,550</u>	<u>17,257</u>	<u>18,376</u>	<u>1,119</u>
Other Revenues:				
Reserves	- 0 -	693	- 0 -	(693)
Interest Income	- 0 -	5	- 0 -	(5)
Total Other Revenues	<u>- 0 -</u>	<u>698</u>	<u>- 0 -</u>	<u>(698)</u>
Total Revenues	<u>16,550</u>	<u>17,955</u>	<u>18,376</u>	<u>421</u>
Expenditures:				
General Government:				
Tax Collection	550	930	308	622
Miscellaneous	- 0 -	- 0 -	45	(45)
Total General Government	<u>550</u>	<u>930</u>	<u>353</u>	<u>577</u>
Culture and Recreation:				
Arthurs Library Subsidy	16,000	16,425	16,700	(275)
Total Expenditures	<u>16,550</u>	<u>17,355</u>	<u>17,053</u>	<u>302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ 600</u>	1,323	<u>\$ 723</u>
Fund Balance, January 1, 2015			<u>5,796</u>	
Fund Balance, December 31, 2015			<u>\$ 7,119</u>	

The accompanying notes are an integral part of the financial statements

BOROUGH OF BROOKVILLE

OTHER SUPPLEMENTAL INFORMATION

December 31, 2015

BORROWING BASE CERTIFICATE

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Revenues Received	\$ 2,220,624	\$ 2,145,606	\$ 2,580,319
Less:			
Special Tax Levies	93,389	92,444	120,092
Interest Income Pledged for Specific Purpose	2,475	957	562
Grants and Gifts for Specific Purpose	257,475	218,744	229,044
Non-Recurring Receipts	- 0 -	- 0 -	363,871
	<u> </u>	<u> </u>	<u> </u>
Net Revenues	<u>\$ 1,867,285</u>	<u>\$ 1,833,461</u>	<u>\$ 1,866,750</u>
Total Net Revenues			<u>\$ 5,567,496</u>
Borrowing Base			<u>\$ 1,855,832</u>

DEBT STATEMENT PURSUANT TO SECTION 410
LOCAL GOVERNMENT UNIT DEBT ACT

Gross Debt Outstanding	<u>\$ 325,465</u>
Borrowing Base per Certificate	<u>\$ 1,855,832</u>
Debt Limitations:	
Non-Electoral	<u>\$ 4,639,580</u>
Non-Electoral and Lease Rental	<u>\$ 5,567,496</u>

REAL ESTATE - ASSESSED VALUATIONS

Taxable	<u>\$ 82,771,540</u>
Exempt	<u>\$ 26,416,110</u>

The accompanying notes are an integral part of the financial statements