

**BOROUGH OF ORWIGSBURG  
FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT  
DECEMBER 31, 2014**

## TABLE OF CONTENTS

	<u>PAGE</u>
Balance Sheet – Cash Basis	1-2
Statement of Revenues and Expenditures – Cash Basis – All Funds	3-14
Debt Statement	15
Statement of Capital Expenditures/Employee Compensation	16
Independent Auditor's Report	17-18
Notes to Financial Statements	19-31

**BALANCE SHEET**

December 31, 2014

ASSETS AND OTHER DEBTS	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State		Debt Service
		Liquid Fuels)	Capital Projects	
100-120 Cash and Investments	12,523	790,508		56,172
140-144 Tax Receivable				
121-129				
145-149 Accounts Receivable (excluding taxes)				
130 Due From Other Funds		111,375		
131-139				
150-159 Other Current Assets	19,948			
160-169 Fixed Assets				
180-189 Other Debits	2,683			
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 35,154</b>	<b>\$ 901,883</b>	<b>\$ -</b>	<b>\$ 56,172</b>

LIABILITIES AND OTHER CREDITS	General Fund	Liquid Fuels	Capital Projects	Debt Service
210-229 Payroll Taxes and Other Payroll Withholdings				
200-209				
231-239 All Other Current Liabilities	2,274			
230 Due To Other Funds	86,375			
260-269 Long-Term Liabilities				
240-259 Current Portion of Long-Term Debt & Other Credits				
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$ 88,649</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FUND AND ACCOUNT GROUP EQUITY	General Fund	Liquid Fuels	Capital Projects	Debt Service
281-284 Contributed Capital				
290 Investment in General Fixed Assets				
270-289 Fund Balance/Retained Earnings on 12/31	(53,495)	901,883		56,172
291-299 Other Equity				
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY</b>	<b>\$ (53,495)</b>	<b>\$ 901,883</b>	<b>\$ -</b>	<b>\$ 56,172</b>

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	Enterprise	Internal Service	Trust and Agency	General	General	Memorandum Only
				Fixed Assets	Long Term Debt	
<b>ASSETS AND OTHER DEBITS</b>						
100-120 Cash and Investments	364,963		4,288			1,228,454
140-144 Tax Receivable						-
121-129						
145-149 Accounts Receivable (excluding taxes)						-
130 Due From Other Funds						111,375
131-139						
150-159 Other Current Assets	21,307					41,255
160-169 Fixed Assets	4,654,492					4,654,492
180-189 Other Debits					2,915,019	2,917,702
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 5,040,762</b>	<b>\$ -</b>	<b>\$ 4,288</b>	<b>\$ -</b>	<b>\$ 2,915,019</b>	<b>\$ 8,953,278</b>

<b>LIABILITIES AND OTHER CREDITS</b>						
210-229 Payroll Taxes and Other Payroll Withholdings			2,007			2,007
200-209						
231-239 All Other Current Liabilities			2,281			4,555
230 Due To Other Funds	25,000					111,375
260-269 Long-Term Liabilities	3,553,175				2,915,019	6,468,194
240-259 Current Portion of Long-Term Debt & Other Credits						-
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>\$ 3,578,175</b>	<b>\$ -</b>	<b>\$ 4,288</b>	<b>\$ -</b>	<b>\$ 2,915,019</b>	<b>\$ 6,586,131</b>

<b>FUND AND ACCOUNT GROUP EQUITY</b>						
281-284 Contributed Capital						-
290 Investment in General Fixed Assets						-
270-289 Fund Balance/Retained Earnings on 12/31	1,462,587					2,367,147
291-299 Other Equity						-
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY</b>	<b>\$ 1,462,587</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,367,147</b>

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>	<b>\$ 8,953,278</b>
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Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

REVENUES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State		Debt Service
		Liquid Fuels)	Capital Projects	
<b>TAXES</b>				
301.00 Real Estate Taxes	201,473			
305.00 Occupation Taxes (levied under municipal code)				
308.00 Residence Taxes (levied by cities of the 3rd Class)				
309.00 Regional Asset District Sales Tax (Allegheny County municipalities only)				
310.00 Per Capita Taxes	19,235			
310.10 Real Estate Transfer Taxes	28,753			
310.20 Earned Income Taxes/Wage Taxes	378,521			
310.30 Business Gross Receipts Taxes				
310.40 Occupation Taxes (levied under Act 511)	5,474			
310.50 Local Services Tax**	66,373			
310.60 Amusement/Admission Taxes				
310.70 Mechanical Device Taxes				
310.90 Other Local Tax Enabling Act/Act 511 Taxes				
<b>TOTAL TAXES</b>	<b>\$ 699,829</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>LICENSES &amp; PERMITS</b>				
320-322 All Other Licenses and Permits	1,530			
321.80 Cable Television Franchise Fees	56,347			
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>\$ 57,877</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>FINES &amp; FORFEITS</b>				
330-332 Fines and Forfeits	14,430			
<b>TOTAL FINES &amp; FORFEITS</b>	<b>\$ 14,430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>INTEREST, RENTS &amp; ROYALTIES</b>				
341.00 Interest Earnings	93	1,856		42
342.00 Rents and Royalties	52,001			
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b>	<b>\$ 52,094</b>	<b>\$ 1,856</b>	<b>\$ -</b>	<b>\$ 42</b>

\*\* This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

## 2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	FIDUCIARY FUND			TOTAL
	PROPRIETARY FUNDS	Internal Service	Trust and Agency	
TAXES	Enterprise	Internal Service	Trust and Agency	Memorandum Only
301.00 Real Estate Taxes				201,473
305.00 Occupation Taxes (levied under municipal code)				-
308.00 Residence Taxes (levied by cities of the 3rd Class)				-
309.00 Regional Asset District Sales Tax (Allegheny County municipalities only)				-
310.00 Per Capita Taxes				19,235
310.10 Real Estate Transfer Taxes				28,753
310.20 Earned Income Taxes/Wage Taxes				378,521
310.30 Business Gross Receipts Taxes				-
310.40 Occupation Taxes (levied under Act 511)				5,474
310.50 Local Services Tax**				66,373
310.60 Amusement/Admission Taxes				-
310.70 Mechanical Device Taxes				-
310.90 Other Local Tax Enabling Act/Act 511 Taxes				-
				-
				-
<b>TOTAL TAXES</b>	\$ -	\$ -	\$ -	\$ 699,829

**LICENSES & PERMITS**

320-322 All Other Licenses and Permits				1,530
321.80 Cable Television Franchise Fees				56,347
<b>TOTAL LICENSES &amp; PERMITS</b>	\$ -	\$ -	\$ -	\$ 57,877

**FINES & FORFEITS**

330-332 Fines and Forfeits				14,430
<b>TOTAL FINES &amp; FORFEITS</b>	\$ -	\$ -	\$ -	\$ 14,430

**INTEREST, RENTS & ROYALTIES**

341.00 Interest Earnings	1,694			3,685
342.00 Rents and Royalties				52,001
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b>	\$ 1,694	\$ -	\$ -	\$ 55,686

\*\* This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		Special Revenue (Including State		Capital	
		General Fund	Liquid Fuels)	Projects	Debt Service
<b>FEDERAL</b>					
351.03	Highways and Streets				
351.09	Community Development				
351.00	All Other Federal Capital and Operating Grants				
352.01	National Forest				
352.00	All Other Federal Shared Revenue & Entitlements				
353.00	Federal Payments in Lieu of Taxes				
<b>TOTAL FEDERAL</b>		\$ -	\$ -	\$ -	\$ -

<b>STATE</b>					
354.03	Highways and Streets		22,541		
354.09	Community Development				
354.15	Recycling/Act 101				
354.00	All Other State Capital and Operating Grants	350,000			
355.01	Public Utility Realty Tax (PURTA)	882			
355.02 - 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		82,841		
355.04	Alcoholic Beverage Licenses	1,000			
355.05	General Municipal Pension System State Aid	61,963			
355.07	Foreign Fire Insurance Tax Distribution	18,331			
355.08	Local Share Assessment/Gaming Proceeds				
355.09	Marcellus Shale Impact Fee Distribution**				
355.00	All Other State Shared Revenues & Entitlements				
356.00	State Payments in Lieu of Taxes				
<b>TOTAL STATE</b>		\$ 432,176	\$ 105,382	\$ -	\$ -

<b>LOCAL GOVERNMENT UNITS</b>					
357.03	Highways and Streets				
357.00	All Other Local Governmental Units Capital and Operating Grants				
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	8,612			
359.00	Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes				
<b>TOTAL LOCAL GOVERNMENT UNITS</b>		\$ 8,612	\$ -	\$ -	\$ -

\*\* New line item in 2012

## 2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

	INTERGOVERNMENTAL REVENUES	FIDUCIARY FUND			TOTAL
		PROPRIETARY FUNDS	Enterprise	Internal Service	
<b>FEDERAL</b>					
351.03	Highways and Streets				-
351.09	Community Development				-
351.00	All Other Federal Capital and Operating Grants				-
352.01	National Forest				-
352.00	All Other Federal Shared Revenue & Entitlements				-
353.00	Federal Payments in Lieu of Taxes				-
<b>TOTAL FEDERAL</b>		\$ -	\$ -	\$ -	\$ -

<b>STATE</b>					
354.03	Highways and Streets				22,541
354.09	Community Development				-
354.15	Recycling/Act 101				-
354.00	All Other State Capital and Operating Grants				350,000
355.01	Public Utility Realty Tax (PURTA)				882
355.02 -	355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback				82,841
355.04	Alcoholic Beverage Licenses				1,000
355.05	General Municipal Pension System State Aid				61,963
355.07	Foreign Fire Insurance Tax Distribution				18,331
355.08	Local Share Assessment/Gaming Proceeds				-
355.09	Marcellus Shale Impact Fee Distribution**				-
355.00	All Other State Shared Revenues & Entitlements				-
356.00	State Payments in Lieu of Taxes				-
<b>TOTAL STATE</b>		\$ -	\$ -	\$ -	\$ 537,558

<b>LOCAL GOVERNMENT UNITS</b>					
357.03	Highways and Streets				-
357.00	All Other Local Governmental Units Capital and Operating Grants				-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services				8,612
359.00	Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes				-
<b>TOTAL LOCAL GOVERNMENT UNITS</b>		\$ -	\$ -	\$ -	\$ 8,612

**TOTAL INTERGOVERNMENTAL REVENUES**
**\$ 546,170**

\*\* New line item in 2012



REVENUES		GOVERNMENTAL FUNDS			
		Special Revenue (Including State		Capital	
CHARGES FOR SERVICE		General Fund	Liquid Fuels)	Projects	Debt Service
361.00	General Government	1,851			
362.00	Public Safety	7,776			
363.20	Parking				
363.00	All Other Charges for Highway & Streets Services	2,580			
364.10	Wastewater/Sewage Charges				
364.30	Solid Waste Collection & Disposal Charge (trash)		294,062		
364.60	Host Municipality Benefit Fee for Solid Waste Facility				
364.00	All Other Charges for Sanitation Services		4,029		
365.00	Health				
366.00	Human Services				
367.00	Culture and Recreation				
368.00	Airports				
369.00	Bars				
370.00	Cemeteries				
372.00	Electric System				
373.00	Gas System				
374.00	Housing System				
375.00	Markets				
377.00	Transit Systems				
378.00	Water System				
379.00	All Other Charges for Service				
<b>TOTAL CHARGES FOR SERVICE</b>		<b>\$ 12,207</b>	<b>\$ 298,091</b>	<b>\$ -</b>	<b>\$ -</b>

UNCLASSIFIED OPERATING REVENUES					
383.00	Assessments				
386.00	Escheats (sale of personal property)				
387.00	Contributions & Donations from Private Sectors	27,126	13,750		9,248
388.00	Fiduciary Fund Pension Contributions	<del>          </del>	<del>          </del>	<del>          </del>	<del>          </del>
389.00	All Other Unclassified Operating Revenues***	1,949			
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b>		<b>\$ 29,075</b>	<b>\$ 13,750</b>	<b>\$ -</b>	<b>\$ 9,248</b>

OTHER FINANCING SOURCES					
391.00	Proceeds of General Fixed Asset Disposition				
392.00	Interfund Operating Transfers**	42,492	105,045		1,544
393.00	Proceeds of General Long-Term Debt				
394.00	Proceeds of Short-Term Debt				
395.00	Refunds of Prior Year Expenditures	327			
<b>TOTAL OTHER FINANCING SOURCES</b>		<b>\$ 42,819</b>	<b>\$ 105,045</b>	<b>\$ -</b>	<b>\$ 1,544</b>

<b>TOTAL REVENUES</b>	<b>\$ 1,349,119</b>	<b>\$ 524,124</b>	<b>\$ -</b>	<b>\$ 10,834</b>
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\* This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

## 2013 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>CHARGES FOR SERVICE</b>					
361.00 General Government				1,851	
362.00 Public Safety				7,776	
363.20 Parking				-	
363.00 All Other Charges for Highway & Streets Services				2,580	
364.10 Wastewater/Sewage Charges	761,100			761,100	
364.30 Solid Waste Collection & Disposal Charge (trash)				294,062	
364.60 Host Municipality Benefit Fee for Solid Waste Facility				-	
364.00 All Other Charges for Sanitation Services				4,029	
365.00 Health				-	
366.00 Human Services				-	
367.00 Culture and Recreation				-	
368.00 Airports				-	
369.00 Bars				-	
370.00 Cemeteries				-	
372.00 Electric System				-	
373.00 Gas System				-	
374.00 Housing System				-	
375.00 Markets				-	
377.00 Transit Systems				-	
378.00 Water System	731,505			731,505	
379.00 All Other Charges for Service				-	
<b>TOTAL CHARGES FOR SERVICE</b>	<b>\$ 1,492,605</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,802,903</b>	

UNCLASSIFIED OPERATING REVENUES				
383.00 Assessments				-
386.00 Escheats (sale of personal property)				-
387.00 Contributions & Donations from Private Sectors				50,124
388.00 Fiduciary Fund Pension Contributions				-
389.00 All Other Unclassified Operating Revenues***				1,949
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,073</b>

OTHER FINANCING SOURCES				
391.00 Proceeds of General Fixed Asset Disposition				-
392.00 Interfund Operating Transfers**	135,887			284,968
393.00 Proceeds of General Long-Term Debt				-
394.00 Proceeds of Short-Term Debt				-
395.00 Refunds of Prior Year Expenditures				327
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 135,887</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 285,295</b>

<b>TOTAL REVENUES</b>	<b>\$ 1,630,186</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,514,263</b>
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\* This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>GENERAL GOVERNMENT</b>					
400.00	Legislative (Governing) Body	667			
401.00	Executive (Manager or Mayor)	5,074			
402.00	Auditing Services/Financial Administration	10,200			
403.00	Tax Collection	14,680			
404.00	Solicitor/Legal Services	8,135			
405.00	Secretary/Clerk	42,115			
406.00	Other General Government Administration	39,695	15,808		51
407.00	IT-Networking Services-Data Processing				
408.00	Engineering Services				
409.00	General Government Buildings and Plant	52,038			
<b>TOTAL GENERAL GOVERNMENT</b>		<b>\$ 172,604</b>	<b>\$ 15,808</b>	<b>\$ -</b>	<b>\$ 51</b>

<b>PUBLIC SAFETY</b>					
410.00	Police	478,609	29,529		
411.00	Fire	38,278			
412.00	Ambulance/Rescue				
413.00	UCC and Code Enforcement	10,356			
414.00	Planning and Zoning	12,411			
415.00	Emergency Management & Communications				
416.00	Militia and Armories				
417.00	Examination of Licensed Occupations				
418.00	Public Scales (weights and measures)				
419.00	Other Public Safety				
<b>TOTAL PUBLIC SAFETY</b>		<b>\$ 539,654</b>	<b>\$ 29,529</b>	<b>\$ -</b>	<b>\$ -</b>

<b>HEALTH AND HUMAN SERVICES</b>					
420.00- 425.00	Health and Human Services				

<b>PUBLIC WORKS - SANITATION</b>					
426.00	Recycling Collection and Disposal				
427.00	Solid Waste Collection and Disposal (trash)		258,497		
428.00	Weed Control				
429.00	Wastewater/Sewage Collection & Treatment				
<b>TOTAL PUBLIC WORKS - SANITATION</b>		<b>\$ -</b>	<b>\$ 258,497</b>	<b>\$ -</b>	<b>\$ -</b>

## 2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>GENERAL GOVERNMENT</b>					
400.00 Legislative (Governing) Body					667
401.00 Executive (Manager or Mayor)					5,074
402.00 Auditing Services/Financial Administration					10,200
403.00 Tax Collection					14,680
404.00 Solicitor/Legal Services					8,135
405.00 Secretary/Clerk					42,115
406.00 Other General Government Administration					55,554
407.00 IT-Networking Services-Data Processing					-
408.00 Engineering Services					-
409.00 General Government Buildings and Plant					52,038
<b>TOTAL GENERAL GOVERNMENT</b>	\$ -	\$ -	\$ -	\$ -	\$ 188,463

<b>PUBLIC SAFETY</b>					
410.00 Police					508,138
411.00 Fire					38,278
412.00 Ambulance/Rescue					-
413.00 UCC and Code Enforcement					10,356
414.00 Planning and Zoning					12,411
415.00 Emergency Management & Communications					-
416.00 Militia and Armories					-
417.00 Examination of Licensed Occupations					-
418.00 Public Scales (weights and measures)					-
419.00 Other Public Safety					-
<b>TOTAL PUBLIC SAFETY</b>	\$ -	\$ -	\$ -	\$ -	\$ 569,183

<b>HEALTH AND HUMAN SERVICES</b>					
420.00- 425.00 Health and Human Services					-

<b>PUBLIC WORKS - SANITATION</b>					
426.00 Recycling Collection and Disposal					-
427.00 Solid Waste Collection and Disposal (garbage)					258,497
428.00 Weed Control					-
429.00 Wastewater/Sewage Collection & Treatment	518,993				518,993
<b>TOTAL PUBLIC WORKS - SANITATION</b>	\$ 518,993	\$ -	\$ -	\$ -	\$ 777,490

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>					
430.00	General Services - Administration	40,682			
431.00	Cleaning of Streets and Gutters				
432.00	Winter Maintenance - Snow Removal	31,211			
433.00	Traffic Control Devices	2,104			
434.00	Street Lighting	28,312			
435.00	Sidewalks and Crosswalks		28,133		
436.00	Storm Sewers and Drains	8,085			
437.00	Repairs of Tools and Machinery				
438.00	Maintenance & Repairs of Roads & Bridges	3,651			
439.00	Highway Construction and Rebuilding Projects	19,076	4,908		
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>		<b>\$ 133,121</b>	<b>\$ 33,041</b>	<b>\$ -</b>	<b>\$ -</b>

<b>PUBLIC WORKS - OTHER SERVICES</b>					
440.00	Airports				
441.00	Cemeteries				
442.00	Electric System				
443.00	Gas System				
444.00	Markets				
445.00	Parking				
446.00	Storm Water and Flood Control				
447.00	Transit System				
448.00	Water System		30,989		
449.00	Water Transport and Terminals				
<b>TOTAL PUBLIC WORKS - OTHER SERVICES</b>		<b>\$ -</b>	<b>\$ 30,989</b>	<b>\$ -</b>	<b>\$ -</b>

<b>CULTURE AND RECREATION</b>					
451.00	Culture-Recreation Administration				
452.00	Participant Recreation	72,066			
453.00	Spectator Recreation				
454.00	Parks	1,007			
455.00	Shade Trees				
456.00	Libraries	3,000			
457.00	Civil and Military Celebrations				
458.00	Senior Citizens' Centers	750			
459.00	All Other Culture and Recreation	438,377	44,133		
<b>TOTAL CULTURE AND RECREATION</b>		<b>\$ 515,200</b>	<b>\$ 44,133</b>	<b>\$ -</b>	<b>\$ -</b>

<b>COMMUNITY DEVELOPMENT</b>					
461.00	Conservation of Natural Resources				
462.00	Community Development and Housing				
463.00	Economic Development				
464.00	Economic Opportunity				
465.00 - 469.00	All Other Community Development				
<b>TOTAL COMMUNITY DEVELOPMENT</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>PUBLIC WORKS - HIGHWAYS AND STREETS</b>					
430.00 General Services - Administration				40,682	
431.00 Cleaning of Streets and Gutters				-	
432.00 Winter Maintenance - Snow Removal				31,211	
433.00 Traffic Control Devices				2,104	
434.00 Street Lighting				28,312	
435.00 Sidewalks and Crosswalks				28,133	
436.00 Storm Sewers and Drains				8,085	
437.00 Repairs of Tools and Machinery				-	
438.00 Maintenance & Repairs of Roads & Bridges				3,651	
439.00 Highway Construction and Rebuilding Projects				23,984	
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>	\$ -	\$ -	\$ -	\$ 166,162	

<b>PUBLIC WORKS - OTHER SERVICES</b>					
440.00 Airports				-	
441.00 Cemeteries				-	
442.00 Electric System				-	
443.00 Gas System				-	
444.00 Markets				-	
445.00 Parking				-	
446.00 Storm Water and Flood Control				-	
447.00 Transit System				-	
448.00 Water System	560,752			591,741	
449.00 Water Transport and Terminals				-	
<b>TOTAL PUBLIC WORKS - OTHER SERVICES</b>	\$ 560,752	\$ -	\$ -	\$ 591,741	

<b>CULTURE AND RECREATION</b>					
451.00 Culture-Recreation Administration				-	
452.00 Participant Recreation				72,066	
453.00 Spectator Recreation				-	
454.00 Parks				1,007	
455.00 Shade Trees				-	
456.00 Libraries				3,000	
457.00 Civil and Military Celebrations				-	
458.00 Senior Citizens' Centers				750	
459.00 All Other Culture and Recreation				482,510	
<b>TOTAL CULTURE AND RECREATION</b>	\$ -	\$ -	\$ -	\$ 559,333	

<b>COMMUNITY DEVELOPMENT</b>					
461.00 Conservation of Natural Resources				-	
462.00 Community Development and Housing				-	
463.00 Economic Development				-	
464.00 Economic Opportunity				-	
465.00 - 469.00 All Other Community Development				-	
<b>TOTAL COMMUNITY DEVELOPMENT</b>	\$ -	\$ -	\$ -	\$ -	

2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)		Debt Service
			Capital Projects		
<b>DEBT SERVICE</b>					
471.00	Debt Principal (short-term and long-term)				49,581
472.00	Debt Interest (short-term and long-term)				
475.00	Fiscal Agent Fees				
<b>TOTAL DEBT SERVICE</b>		\$ -	\$ -	\$ -	\$ 49,581

<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>					
481.00	Employer Paid Withholding Taxes and Unemployment Compensation				
482.00	Judgments and Losses				
483.00	Pension/Retirement Fund Contributions	68,107			
484.00	Worker Compensation Insurance				
487.00	Group Insurance and Other Benefits				
<b>EMPLOYER-PAID BENEFITS &amp; WITHHOLDING ITMES</b>		\$ 68,107	\$ -	\$ -	\$ -

<b>INSURANCE</b>					
486.00	Insurance, Casualty and Surety				

<b>UNCLASSIFIED OPERATING EXPENDITURES</b>					
488.00	Fiduciary Fund Benefits and Refunds Paid				
489.00	All Other Unclassified Expenditures***				
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b>		\$ -	\$ -	\$ -	\$ -

<b>OTHER FINANCING USES</b>					
491.00	Refund of Prior Year Revenues				
492.00	Interfund Operating Transfers**	4,712	200,692		14,860
493.00	All Other Financing Uses				
<b>TOTAL OTHER FINANCING USES</b>		\$ 4,712	\$ 200,692	\$ -	\$ 14,860

<b>TOTAL EXPENDITURES</b>		\$ 1,433,398	\$ 612,689	\$ -	\$ 64,492
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>		\$ (84,279)	\$ (88,565)	\$ -	\$ (53,658)
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\*\* The total of line 492.00 must match the total of line 392.00

\*\*\* This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

## 2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>DEBT SERVICE</b>					
471.00 Debt Principal (short-term and long-term)	446,971				496,552
472.00 Debt Interest (short-term and long-term)	142,678				142,678
475.00 Fiscal Agent Fees					-
<b>TOTAL DEBT SERVICE</b>	<b>\$ 589,649</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 639,230</b>
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>					
481.00 Employer Paid Withholding Taxes and Unemployment Compensation					-
482.00 Judgments and Losses					-
483.00 Pension/Retirement Fund Contributions					68,107
484.00 Worker Compensation Insurance					-
487.00 Group Insurance and Other Benefits					-
<b>EMPLOYER-PAID BENEFITS &amp; WITHHOLDING ITMES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 68,107</b>
<b>INSURANCE</b>					
486.00 Insurance, Casualty and Surety					-
<b>UNCLASSIFIED OPERATING EXPENDITURES</b>					
488.00 Fiduciary Fund Benefits and Refunds Paid					-
489.00 All Other Unclassified Expenditures***					-
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
<b>OTHER FINANCING USES</b>					
491.00 Refund of Prior Year Revenues					-
492.00 Interfund Operating Transfers**	64,704				284,968
493.00 All Other Financing Uses					-
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 64,704</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 284,968</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,734,098</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 3,844,677</b>
<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	<b>\$ (103,912)</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ (330,414)</b>

\*\* The total of line 492.00 must match the total of line 392.00

\*\*\* This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.



DEBT STATEMENT

Purpose	Bond (B) Note (N)	Issue Date (year)	Maturity Date (year)	Original Amount of Issue	Outstanding Beginning of Year	Principal Incurred This Year (Additions)	Principal Paid This Year	Current Year Accretion of Compound Interest Bonds	Outstanding Year End	Plus (less) Unamortized Premium (Discount)	Total Balance
<b>GENERAL OBLIGATION BONDS AND NOTES</b>											
Water System Improvements	N	2002	2022	565,000	185,102		185,102				\$ -
Water System Improvements	N	2006	2026	6,085,274	3,800,638		247,463		3,553,175		\$ 3,553,175
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
											\$ -
<b>REVENUE BONDS AND NOTES</b>											
Capital Improvements	N	1999	2019	250,000	78,993		13,558		65,435		\$ 65,435
Plant Expansion	N	2002	2022	6,223,645	3,084,293		297,893		2,786,400		\$ 2,786,400
											\$ -
											\$ -
<b>LEASE RENTAL DEBT/GENERAL LEASES</b>											
											\$ -
											\$ -
											\$ -
<b>OTHER</b>											
											\$ -
											\$ -
											\$ -
											\$ -
									Total bonds and notes outstanding.....	\$	6,405,010
									Capitalized lease obligations.....		-
									Other debt.....		-
									<b>TOTAL OUTSTANDING DEBT.....</b>	\$	<b>6,405,010</b>

**STATEMENT OF CAPITAL EXPENDITURES**

<b>CATEGORY:</b>	<b>Capital Purchases</b>	<b>Capital Construction</b>	<b>Total</b>
Community Development			-
Electric			-
Fire			-
Gas System			-
General Government	15,555		15,555
Health			-
Housing			-
Libraries			-
Mass Transit			-
Parks			-
Police	29,529		29,529
Recreation		444,134	444,134
Sewer			-
Solid Waste			-
Streets/Highways		3,948	3,948
Water		31,949	31,949
Other (Please specify)			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
<b>TOTAL CAPITAL EXPENDITURES*</b>			<b>\$ 525,115</b>

\* Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment).

**EMPLOYEE COMPENSATION**

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

**\$ 674,231**

\*\* Use income from box 16 of the W-3 Statement

# PATTON AND COMPANY CPAs

2040 WEST END AVENUE  
POTTSVILLE, PA 17901  
570-581-8095

ROBERT B. PATTON, CPA

ALBERT D. MARAZAS, CPA  
KELLY E. ZWIEBEL, CPA

MEMBERS:  
AMERICAN INSTITUTE OF CPAs  
PENNSYLVANIA INSTITUTE OF CPAs

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## INDEPENDENT AUDITOR'S REPORT

May 20, 2015

We have audited the accompanying financial statements, included in the Department of Community and Economic Development's (DCED) prescribed form, of the Borough of Orwigsburg, Commonwealth of Pennsylvania, as of and for the year ended December 31, 2014.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting provisions of the Commonwealth of Pennsylvania. 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the Borough prepared these financial statements in the DCED prescribed form using the cash basis of accounting which is permitted by the Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America are that revenues are recorded when received rather than earned and expenditures are recognized when paid rather than incurred. The Borough does not maintain a general fixed asset account group. As also described in Note 1, the financial statements referred to above, do not include the financial activities of the Orwigsburg Borough Municipal Authority and Orwigsburg Borough Pension Funds. Also the financial statements do not include budgetary figures as required by accounting principles generally accepted in the United States of America.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Orwigsburg as of December 31, 2014, or the respective changes in financial position for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the Borough of Orwigsburg as of December 31, 2014, and its revenues and expenditures for the year then ended, on the basis of the financial reporting provisions of the cash basis and budget laws of the Commonwealth of Pennsylvania as described in Note 1.

  
Patton and Company CPAs

**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DEFINING THE REPORTING ENTITY**

The reporting entity was defined by applying the following criteria, which were established by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity":

- (A) Financial interdependency
- (B) Selection of governing authority
- (C) Designation of management
- (D) Ability to significantly influence operations
- (E) Accountability for fiscal matters

Upon applying these criteria, it was determined that the Orwigsburg Borough Municipal Authority and the Orwigsburg Borough Non-Uniform and Police Pension Plans should be included in the reporting entity. The Borough has excluded these component units from the reporting entity; however, separate audited financial statements are issued by the Authority and Pension Plans which the reader should consult for more information.

**ACCOUNTING METHOD**

The Borough's policy is to prepare its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the Commonwealth of Pennsylvania, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The accompanying financial statements do not present as revenues collected the proceeds from sales and redemptions of investments, nor do the statements present as expenditures paid disbursements relative to purchases of investments.

**FUND ACCOUNTING**

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash and investments and revenues collected and expenditures paid. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the accompanying financial statements as follows:

**Governmental Funds**

**General fund** is the general operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in another fund.

**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**FUND ACCOUNTING – (Continued)**

**Governmental Funds – (Continued)**

**Special revenue funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt service funds** are established for the purpose of accumulating and segregating resources for the payment of interest and principal on long-term general obligation debt.

**Proprietary Fund**

**Enterprise fund** is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund**

**Trust and agency funds** are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trusts, non-expendable trusts, pension trust, and agency funds. Non-expendable and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trusts are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

**Total Column on Combined Statements**

The total column on the combined statement of revenues collected, expenditures paid, and changes in cash and investments is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**INVESTMENTS**

Investments are stated at cost, which approximates market.

**COMPENSATED ABSENCES**

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates which apply historical data to current factors. The Borough maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences.

Non-uniform employees may be paid for 100% of unused sick days at retirement at current compensation rates.

**PROPERTY, PLANT, AND EQUIPMENT DEPRECIATION**

The Borough has not capitalized all fixed assets purchased in years prior to 2006 or recorded depreciation expense within its Proprietary Funds. Effective in 2006, the Borough changed its policy to capitalize fixed assets and record depreciation within its Water Fund. Estimated useful lives are as follows:

Water Distribution System	15-50 years
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**OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS**

During 2008, the Borough adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB, other postemployment benefit) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 45 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the Borough's net OPEB obligation for 2013 has been reported within the General Long-Term Debt Account Group. As retroactive application of the measurement requirements of GASB Statement No. 45 was not required, the liability at the beginning of 2009 was zero. The disclosure requirements of GASB Statement No. 45 are included in Note 7.

**DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 20, 2015, the date that the financial statements were available to be issued.

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

Commonwealth of Pennsylvania statutes require that all boroughs establish budgetary systems and approve annual operating budgets. The Borough uses the cash basis of accounting to prepare its annual budgets.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**DEPOSITS**

The Borough is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2014, and reported at fair value are listed below:

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The Borough does not have a policy for custodial credit risk on deposits. At December 31, 2014, the carrying amount of the Borough's deposits was \$1,228,454 and the bank balance was \$1,293,704. Of the bank balance, \$576,094 was covered by federal depository insurance and \$717,610 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Borough's name.

**Interest Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the Borough to limit its interest rate risk by investing in securities with maturity dates under one year.

**NOTE 4 – CAPITAL ASSETS**

Following is a summary of changes in capital assets during the fiscal year ended December 31, 2014:

	Balance at January 1, <u>2014</u>	<u>Additions</u>	Balance at December 31, <u>2014</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Depreciable Assets			
Water distribution system	\$ 5,858,028	\$ -0-	\$ 5,858,028
Accumulated depreciation	<u>(962,829)</u>	<u>(240,707)</u>	<u>(1,203,536)</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>			
<b>CAPITAL ASSETS, NET</b>	<b><u>\$ 4,895,199</u></b>	<b><u>\$ (240,707)</u></b>	<b><u>\$ 4,654,492</u></b>



**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT**

The following is a summary of changes in general long-term debt:

	<u>Bank Loan</u>	<u>PennVest Loan</u>	<u>Authority Lease Obligation</u>	<u>Post-Employment Benefits</u>	<u>Compensated Absences</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Balance, January 1, 2014	\$ 185,102	\$ -0-	\$ 3,163,286	\$ 33,591	\$ 56,362	\$ 3,438,341
Principal Repayments	(185,102)	-0-	(311,451)	-0-	-0-	(496,553)
Increase (Decrease)	-0-	-0-	-0-	-0-	(26,769)	(26,769)
Balance, December 31, 2014	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,851,835</u>	<u>\$ 33,591</u>	<u>\$ 29,593</u>	<u>\$ 2,915,019</u>
<b>Business-Type Activities:</b>						
Balance, January 1, 2014	\$ -0-	\$ 3,800,638	\$ -0-	\$ -0-	\$ -0-	\$ 3,800,638
Debt Issued	-0-	-0-	-0-	-0-	-0-	-0-
Principal Repayments	-0-	(247,463)	-0-	-0-	-0-	(247,463)
Balance, December 31, 2014	<u>\$ -0-</u>	<u>\$ 3,553,175</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,553,175</u>

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT – (Continued)**

**GOVERNMENTAL ACTIVITIES**

**BANK LOAN**

During the year ended December 31, 2002, the Borough obtained a bank loan in the amount of \$565,000. The bank loan requires annual payments of \$42,760 with interest at 4.32%, for a term of 20 years.

**AUTHORITY LEASE OBLIGATIONS**

The Borough's Sewer Fund operates and maintains the sewer system under an April 15, 1964 lease agreement with the Orwigsburg Borough Municipal Authority. Terms of the lease agreement required annual lease payments from the Sewer Fund to the Authority in the amount of \$44,000 through April 15, 2004 until such time as trustee funds were sufficient to repay the principal of and interest on the 1964 Sewer Revenue Bonds. During 2002, the Borough prepaid the remaining amount of \$87,322 to the trustee, and the lease was terminated.

In August 1999, the Authority received a \$250,000 loan from PennVest for capital improvements to the sewer system. The Borough has guaranteed this loan and repayment to the Authority from the Sewer Fund. Terms of the loan call for monthly payments of \$1,186 with interest at 1% for the first five years and \$1,202 with interest at 1.184% for 15 years ending August 2019.

During 2002, the Authority obtained a 20-year loan from PennVest of \$6,223,645 to construct a new sewer treatment plant. As of December 31, 2005, \$5,358,611 had been borrowed for construction costs. Terms of the loan call for monthly payments of \$27,350 beginning January 1, 2006 to October 1, 2008 with interest at 1% and monthly payments of \$27,664 beginning November 1, 2008 to October 1, 2023 with interest at 1.156%. The Borough's Sewer Fund is servicing both loans through rental payments to the Authority of \$33,000 per month. Total rent paid to the Authority in 2014 was \$396,000.

**BUSINESS-TYPE ACTIVITIES**

**PENNVEST LOAN**

In 2005, the Borough initiated a Water System Improvement Project designed to improve the distribution system and eliminate ongoing water quality concerns.

The Borough accepted permanent financing of \$5,634,033 from PennVest. The interest rate of the loan was 1.369% during the construction period and the first 60 months of repayment and 2.697% for the remaining months of repayment. Repayment of principal and interest are required in the amount of \$26,292 per month to December 2011 and \$28,910 from January 2012 to December 2026.

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT – (Continued)**

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest for long-term debt as of December 31, 2014, are as follows:

<u>Year Ending December 31</u>	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PENNVEST</b>		
	<u>Principal</u>	<u>Interest Expense</u>	<u>Total</u>
2015	\$ 254,220	\$ 92,702	\$ 346,922
2016	261,162	85,760	346,922
2017	268,293	78,629	346,922
2018	275,619	71,303	346,922
2019	283,145	63,777	346,922
2020-2024	1,536,010	198,601	1,734,611
2025-2026	<u>674,726</u>	<u>19,119</u>	<u>693,845</u>
TOTAL	<u>\$ 3,553,175</u>	<u>\$ 609,891</u>	<u>\$ 4,163,066</u>

**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 6 – PENSION PLANS**

During 1990, the Borough terminated its Uniform and Non-Uniform pension "side" funds by transferring all assets to the Pennsylvania Municipal Retirement System for investment, administration, and preparation of annual financial statements. The Borough does not include the financial statements of the pension plans within the Borough's financial statements.

**UNIFORM (POLICE) PENSION PLAN**

**Plan Description**

The Police Pension Plan is funded by payments to the Pennsylvania Municipal Retirement System, an agent multiple employer public employee retirement system.

**Funding Status and Progress**

The unfunded (overfunded) actuarial accrued liability was computed as part of an actuarial valuation performed as of January 1, 2013 (the latest available).

Total unfunded (overfunded) actuarial accrued liability applicable to the Borough's officers was \$(877,467) at January 1, 2013 as follows:

Actuarial Accrued Liability	\$ 1,027,665
Actuarial Present Value of Assets	<u>1,905,132</u>
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ (877,467)</u>

**Contributions Required and Contributions Made**

The Police Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The 2014 minimum required pension contribution as determined based on the January 1, 2013 actuarial valuation was \$0. Contributions made by the Borough in 2014 totaled \$0. Total plan assets at December 31, 2014 were \$1,668,879, the latest financial statements available.

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 6 – PENSION PLANS – (Continued)**

**NON-UNIFORM PLAN**

**Plan Description**

Prior to 1991, the Borough's Non-Uniform Pension Plan was a split-funded plan (insurance plus side fund). During November 1993, the Borough established its Non-Uniform Pension Plan with the Pennsylvania Municipal Retirement System.

**Funding Status and Progress**

The unfunded actuarial accrued liability was computed as part of an actuarial valuation performed as of January 1, 2013 (the latest available).

Total unfunded actuarial accrued liability applicable to the Non-Uniform Plan was \$287,578 at January 1, 2013 as follows:

Actuarial Accrued Liability	\$ 1,474,508
Actuarial Present Value of Assets	<u>1,186,930</u>
Unfunded Actuarial Accrued Liability	<u>\$ 287,578</u>

**Contributions Required and Contributions Made**

The Non-Uniform Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The 2013 minimum required pension contribution as determined based on the January 1, 2013 actuarial valuation was \$92,683. Contributions made by the Borough in 2014 totaled \$92,683. Total plan assets at December 31, 2014 were \$728,083, the latest financial statements available.

**NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**PLAN DESCRIPTION**

The Borough of Orwigsburg Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by Borough Council. The Plan provides postemployment healthcare insurance benefits to eligible police officer retirees of the Borough in accordance with the various labor contracts and personnel policies. Since the Plan has no assets, reporting an other employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (Continued)**

**FUNDING POLICY**

The contribution requirements of plan members and the Borough are established and may be amended by Borough Council, subject to applicable labor contracts and benefits plans. Eligible retirees received \$5,400 annually towards the cost of their healthcare insurance. The length of benefits coverage ranges from the date of retirement for the life of the retired officer or a maximum of eight years, if earlier.

The Borough may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For 2014, the Borough made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$0 for 2014. These costs are recognized as an expense when claims or premiums are paid.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

For 2014, the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Borough's net OPEB obligation to the Plan were as follows:

Annual Required Contribution	\$ 9,248
Interest on Net OPEB Obligation	1,384
Adjustment to Annual Required Contribution	<u>(2,364)</u>
Annual OPEB Cost	8,268
Projected Contributions Made	<u>(5,432)</u>
Increase in Net OPEB Obligation	2,836
Net OPEB Obligation, Beginning of Year	<u>30,755</u>
Net OPEB Obligation, End of Year	<u>\$ 33,591</u>
Percentage of Annual OPEB Cost Contributed	65.70%

**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (Continued)**

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the Plan as of January 1, 2010, the date of the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 80,086
Actuarial Value of Assets	<u>-0-</u>
Unfunded AAL (UAAL)	\$ 80,086
Funded Ratio	0.00%
Covered Payroll	\$ 224,457
UAAL as Percentage of Covered Payroll	35.68%

**ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial valuations of an ongoing plan involve estimates of the value of reports amounts and assumptions about the probability of penitential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the Borough are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the Borough and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Borough and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

**BOROUGH OF ORWIGSBURG  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 – TAX RATES**

The Borough had the following taxes/tax rates in effect for the year ended December 31, 2014:

Tax Type	Millage/Rate	Assessed Valuation
Real Estate	3.00 mills	\$ 199,655
Per Capita	\$10.00/person	21,140
Occupation	\$ 3.90/person	8,245
		\$ 229,040
Discount Period (2.00%)	March 1 through April 30	
Face Period	May 1 through June 30	
Penalty Period (5.00%)	July 1 through December 31	
Delinquent	After December 31	

**NOTE 9 – GRANTS**

On May 20, 2013, the Borough was approved for a Main Street (Growing Greener II) Grant through the Department of Community and Economic Development with funds in the amount of \$153,000 available. The grant was used for renovations to Community Memorial Hall, a Borough-owned facility used by residents throughout southern Schuylkill County. The Borough received and expended \$150,000 as of December 31, 2014. The grant expires April 30, 2015.

On December 18, 2013, the Borough was approved for a Greenways, Trails, and Recreation Program Grant through the Commonwealth Financing Authority with funds in the amount of \$200,000 available. The grant was used for renovations to Community Memorial Hall, a Borough-owned facility used by residents throughout southern Schuylkill County. The Borough received and expended \$200,000. The Borough also expended an additional \$50,000 as the required matching funds as of December 31, 2014.



**BOROUGH OF ORWIGSBURG**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 10 – LOAN RECEIVABLE - FESSLER**

On December 12, 2012, the Borough agreed to loan H.H. Fessler Knitting Co. (Fessler) up to \$25,000 to pay for half of the costs to submit an application to Pennsylvania Housing Finance Agency to convert the existing factory building into age 62 and over apartments. A loan agreement and non-recourse note was secured with Fessler. There was no interest on this loan.

The application costs were split between Fessler and Barefield Development Corporation (BDC). The Borough paid Fessler's share of the costs, \$20,246, directly to BDC on April 29, 2013. This receivable was recorded on the Capital Reserve Fund and was satisfied during 2014.