

# **BOROUGH OF MUNHALL**

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ANNUAL AUDIT AND FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016

**BOROUGH OF MUNHALL**

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**To the Members of Borough Council  
Borough of Munhall  
Allegheny County, Pennsylvania**

## **INDEPENDENT AUDITORS' REPORT**

### **Report on Financial Statements**

I have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statement of Capital Expenditures and Employee Compensation included in the accompanying special purpose Commonwealth of Pennsylvania Annual Audit and Financial Report (special purpose financial report) of the Borough of Munhall, Allegheny County, Pennsylvania as of and for the year ended December 31, 2016.

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

Management is responsible for the preparation and fair presentation of this special purpose financial report in accordance with the accounting practices and procedures prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough'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 Borough's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinions**

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

The Schedules are prepared by the Borough of Munhall on the basis of the financial reporting provisions prescribed or permitted by the DCED in the instructions to the Annual Audit and Financial Report to demonstrate compliance with the DCED's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. These requirements permit the Schedules to be prepared on the cash basis of accounting without the presentation of the management's discussion and analysis, the government-wide financial statements, budget and actual information and financial statements disclosures.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Munhall as of December 31, 2016, or changes in financial position or cash flows thereof for the year then ended.

### ***Opinion on Regulatory Basis of Accounting***

In my opinion, the Schedules referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the Borough of Munhall as of December 31, 2016, and its revenues, expenditures and other financing sources and uses for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by the DCED described above.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the special purpose financial statements that collectively comprise Borough of Munhall's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use 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 my opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

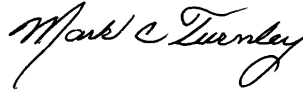
Mark C. Turnley, CPA

The defined benefit trust funds' historical pension information on pages 37-38 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on such information.

***Report on Other Legal and Regulatory Requirements***

This report is intended solely for the information and use of the governing body and management of the Borough of Munhall and for filing with the various local and state departments or offices and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley, CPA

August 21, 2017  
New Brighton, Pennsylvania



# BALANCE SHEET

DCED-CLGS-30 (09-09)

## MUNHALL BORO, ALLEGHENY County BALANCE SHEET December 31, 2016

|                                                        | Governmental Funds |                                                |                  |              |            |                   | Fid. Fund  | Account Groups   |                      | Total             |
|--------------------------------------------------------|--------------------|------------------------------------------------|------------------|--------------|------------|-------------------|------------|------------------|----------------------|-------------------|
|                                                        | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |            | Trust and Agency | General Fixed Assets |                   |
| <b>Assets and Other Debits</b>                         |                    |                                                |                  |              |            |                   |            |                  |                      |                   |
| 100-120 Cash and Investments                           | 1,154,776          | 312,735                                        |                  |              |            |                   | 15,120,285 |                  |                      | 16,587,796        |
| 140-144 Tax Receivable                                 |                    |                                                |                  |              |            |                   |            |                  |                      |                   |
| 121-129, 145-149 Accounts Receivable (excluding taxes) |                    |                                                |                  |              |            |                   |            |                  |                      |                   |
| 130.00 Due From Other Funds                            | 33,107             | 1,524                                          |                  |              |            | 40,161            |            |                  |                      | 74,792            |
| 131-139, 150-159 Other Current Assets                  | 1,693              |                                                |                  |              |            |                   |            |                  |                      | 1,693             |
| 160-169 Fixed Assets                                   |                    |                                                |                  |              |            |                   |            |                  |                      |                   |
| 180-189 Other Debits                                   |                    |                                                |                  |              |            |                   |            |                  | 308,464              | 308,464           |
| <b>Total Assets and Other Debits</b>                   | <b>1,189,576</b>   | <b>314,259</b>                                 |                  |              |            | <b>15,160,446</b> |            | <b>308,464</b>   |                      | <b>16,972,745</b> |

| Liabilities and Other Credits                        |        |
|------------------------------------------------------|--------|
| 210-229 Payroll Taxes and Other Payroll Withholdings | 600    |
| 200-209, 231-239 All Other Current Liabilities       | 41,026 |
| 230.00 Due To Other Funds                            | 164    |
|                                                      | 34,556 |
|                                                      | 74,792 |
|                                                      | 600    |
|                                                      | 41,026 |
|                                                      | 74,792 |

MUNHALL BORO, ALLEGHENY COUNTY  
BALANCE SHEET  
December 31, 2016

|                                                             | Governmental Funds |                                                |                  |              | Proprietary Funds |                  |                  | Fid. Fund            |                        | Account Groups  |  | Total      |
|-------------------------------------------------------------|--------------------|------------------------------------------------|------------------|--------------|-------------------|------------------|------------------|----------------------|------------------------|-----------------|--|------------|
|                                                             | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service | Trust and Agency | General Fixed Assets | General Long Term Debt | Memorandum Only |  |            |
| <b>Liabilities and Other Credits</b>                        |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |  |            |
| 260-269 Long-Term-Liabilities                               |                    |                                                |                  |              |                   |                  |                  |                      | 150,670                |                 |  | 150,670    |
| 240-259 Current Portion of Long-Term Debt and Other Credits |                    |                                                |                  |              |                   |                  |                  |                      | 157,794                |                 |  | 157,794    |
| <b>Total Liabilities and Other Credits</b>                  | 40,672             | 34,556                                         |                  |              |                   |                  | 41,190           |                      | 308,464                |                 |  | 424,882    |
| <b>Fund and Account Group Equity</b>                        |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |  |            |
| 281-284 Contributed Capital                                 |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |  |            |
| 290-00 Investment in General Fixed Assets                   |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |  |            |
| 270-289 Fund Balance / Retained Earnings on 12/31           | 1,148,904          | 279,703                                        |                  |              |                   |                  | 15,119,256       |                      |                        |                 |  | 16,547,863 |
| 291-299 Other Equity                                        |                    |                                                |                  |              |                   |                  |                  |                      |                        |                 |  |            |
| <b>Total Fund and Account Group Equity</b>                  | 1,148,904          | 279,703                                        |                  |              |                   |                  | 15,119,256       |                      |                        |                 |  | 16,547,863 |

|                                                            |                   |
|------------------------------------------------------------|-------------------|
| <b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b> | <b>16,972,745</b> |
|------------------------------------------------------------|-------------------|

**MUNHALL BORO, ALLEGHENY COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|  | Governmental Funds |                                                |                  |              | Proprietary Funds |                  | Fiduciary Fund | Total |
|--|--------------------|------------------------------------------------|------------------|--------------|-------------------|------------------|----------------|-------|
|  | General Fund       | Special Revenue (including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service |                |       |

**REVENUES**

| <b>Taxes</b> |                                                                          |                  |  |  |  |  |  |                  |
|--------------|--------------------------------------------------------------------------|------------------|--|--|--|--|--|------------------|
| 301.00       | Real Estate Taxes                                                        | 4,618,417        |  |  |  |  |  | 4,618,417        |
| 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) | 473,615          |  |  |  |  |  | 473,615          |
| 310.00       | Per Capita Taxes                                                         |                  |  |  |  |  |  |                  |
| 310.10       | Real Estate Transfer Taxes                                               | 67,703           |  |  |  |  |  | 67,703           |
| 310.20       | Earned Income Taxes / Wage Taxes                                         | 1,101,862        |  |  |  |  |  | 1,101,862        |
| 310.30       | Business Gross Receipts Taxes                                            |                  |  |  |  |  |  |                  |
| 310.40       | Occupation Taxes (levied under Act 511)                                  |                  |  |  |  |  |  |                  |
| 310.50       | Local Services Tax **                                                    | 101,798          |  |  |  |  |  | 101,798          |
| 310.60       | Amusement / Admission Taxes                                              |                  |  |  |  |  |  |                  |
| 310.70       | Mechanical Device Taxes                                                  | 21,300           |  |  |  |  |  | 21,300           |
| 310.90       | Other Local Tax Enabling Act / Act 511 / Taxes                           |                  |  |  |  |  |  |                  |
|              | Other:                                                                   |                  |  |  |  |  |  |                  |
|              | <b>Total Taxes</b>                                                       | <b>6,384,695</b> |  |  |  |  |  | <b>6,384,695</b> |

**Licenses and Permits**

|         |                                   |                |  |  |  |  |  |                |
|---------|-----------------------------------|----------------|--|--|--|--|--|----------------|
| 320-322 | All Other Licenses and Permits    | 60,353         |  |  |  |  |  | 60,353         |
| 321.80  | Cable Television Franchise Fees   | 242,249        |  |  |  |  |  | 242,249        |
|         | <b>Total Licenses and Permits</b> | <b>302,602</b> |  |  |  |  |  | <b>302,602</b> |

**Fines and Forfeits**

|         |                                 |                |  |  |  |  |  |                |
|---------|---------------------------------|----------------|--|--|--|--|--|----------------|
| 330-332 | Fines and Forfeits              | 264,665        |  |  |  |  |  | 264,665        |
|         | <b>Total Fines and Forfeits</b> | <b>264,665</b> |  |  |  |  |  | <b>264,665</b> |



**MUNHALL BORO, ALLEGHENY COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total |
|--------------|------------------------------------------------|------------------|--------------|------------|-------------------|--|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |       |

**REVENUES**

| Interest, Rents and Royalties              |                     |        |    |  |  |  |         |         |
|--------------------------------------------|---------------------|--------|----|--|--|--|---------|---------|
| 341.00                                     | Interest Earnings   | 2,017  | 10 |  |  |  | 690,841 | 692,868 |
| 342.00                                     | Rents and Royalties | 24,680 |    |  |  |  |         | 24,680  |
| <b>Total Interest, Rents and Royalties</b> |                     | 26,697 | 10 |  |  |  | 690,841 | 717,548 |

**Federal**

|                      |                                                   |  |         |  |  |  |  |         |
|----------------------|---------------------------------------------------|--|---------|--|--|--|--|---------|
| 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 and Entitlements |  | 100,504 |  |  |  |  | 100,504 |
| 353.00               | Federal Payments in Lieu of Taxes                 |  |         |  |  |  |  |         |
| <b>Total Federal</b> |                                                   |  | 100,504 |  |  |  |  | 100,504 |

**State**

|               |                                                                   |         |         |  |  |  |  |         |
|---------------|-------------------------------------------------------------------|---------|---------|--|--|--|--|---------|
| 354.03        | Highways and Streets                                              |         |         |  |  |  |  |         |
| 354.09        | Community Development                                             |         |         |  |  |  |  |         |
| 354.15        | Recycling / Act 101                                               |         |         |  |  |  |  |         |
| 354.00        | All Other State Capital and Operating Grants                      | 49,666  |         |  |  |  |  | 49,666  |
| 355.01        | Public Utility Realty Tax (PURTA)                                 |         |         |  |  |  |  |         |
| 355.02-355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback |         | 296,055 |  |  |  |  | 296,055 |
| 355.04        | Alcoholic Beverage Licenses                                       | 2,550   |         |  |  |  |  | 2,550   |
| 355.05        | General Municipal Pension System State Aid                        | 271,228 |         |  |  |  |  | 271,228 |
| 355.07        | Foreign Fire Insurance Tax Distribution                           | 54,623  |         |  |  |  |  | 54,623  |
| 355.08        | Local Share Assessment/Gaming Proceeds                            |         |         |  |  |  |  |         |
| 355.09        | Marcellus Shale Impact Fee Distribution                           | 1,227   |         |  |  |  |  | 1,227   |

MUNHALL BORO, ALLEGHENY COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|  | Governmental Funds |                                                 |                  |              | Proprietary Funds |                  | Fiduciary Fund | Total |
|--|--------------------|-------------------------------------------------|------------------|--------------|-------------------|------------------|----------------|-------|
|  | General Fund       | Special Revenue (Including State, Liquid Funds) | Capital Projects | Debt Service | Enterprise        | Internal Service |                |       |

**REVENUES**

| State  |                                                  |         |  |  |  |  |  |         |  |
|--------|--------------------------------------------------|---------|--|--|--|--|--|---------|--|
| 355.00 | All Other State Shared Revenues and Entitlements |         |  |  |  |  |  |         |  |
| 356.00 | State Payments in Lieu of Taxes                  |         |  |  |  |  |  |         |  |
|        | 379,294                                          |         |  |  |  |  |  | 675,349 |  |
|        | <b>Total State</b>                               | 296,055 |  |  |  |  |  |         |  |

**Local Government Units**

|        |                                                                                 |  |  |  |  |  |  |       |       |
|--------|---------------------------------------------------------------------------------|--|--|--|--|--|--|-------|-------|
| 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 |  |  |  |  |  |  |       |       |
| 359.00 | Local Governmental Units and Authorities Payments in Lieu of Taxes              |  |  |  |  |  |  |       | 7,000 |
|        | <b>Total Local Government Units</b>                                             |  |  |  |  |  |  | 7,000 |       |

**Charges for Service**

|        |                                                                                                            |         |        |  |  |  |  |         |
|--------|------------------------------------------------------------------------------------------------------------|---------|--------|--|--|--|--|---------|
| 361.00 | General Government                                                                                         | 78,903  | 2,501  |  |  |  |  | 81,404  |
| 362.00 | Public Safety                                                                                              | 117,981 | 48,337 |  |  |  |  | 166,318 |
| 363.20 | Parking                                                                                                    | 35,994  |        |  |  |  |  | 35,994  |
| 363.00 | All Other Charges for Highway & Street Services                                                            | 12,514  |        |  |  |  |  | 12,514  |
| 364.10 | Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.) |         |        |  |  |  |  |         |
| 364.30 | Solid Waste Collection and Disposal Charge (trash)                                                         | 889,888 |        |  |  |  |  | 889,888 |
| 364.60 | Host Municipality Benefit Fee for Solid Waste Facility                                                     |         |        |  |  |  |  |         |
| 364.00 | All Other Charges for Sanitation Services                                                                  |         |        |  |  |  |  |         |
| 365.00 | Health                                                                                                     |         |        |  |  |  |  |         |
| 366.00 | Human Services                                                                                             |         |        |  |  |  |  |         |
| 367.00 | Culture and Recreation                                                                                     |         |        |  |  |  |  |         |
| 368.00 | Airports                                                                                                   |         |        |  |  |  |  |         |

**MUNHALL BORO, ALLEGHENY COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|  | Governmental Funds |                                                |                  |              |            | Proprietary Funds |                  |                 | Fiduciary Fund | Total |
|--|--------------------|------------------------------------------------|------------------|--------------|------------|-------------------|------------------|-----------------|----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Funds) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency | Memorandum Only |                |       |

**REVENUES**

| Charges for Service |                                  |           |        |  |  |  |  |  |           |
|---------------------|----------------------------------|-----------|--------|--|--|--|--|--|-----------|
| 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> | 1,135,280 | 50,838 |  |  |  |  |  | 1,186,118 |

| Unclassified Operating Revenues |                                                  |  |     |  |  |  |         |         |  |
|---------------------------------|--------------------------------------------------|--|-----|--|--|--|---------|---------|--|
| 383.00                          | Special Assessments                              |  |     |  |  |  |         |         |  |
| 386.00                          | Escheats (sale of personal property)             |  |     |  |  |  |         |         |  |
| 387.00                          | Contributions and Donations from Private Sectors |  | 140 |  |  |  | 19,792  | 19,932  |  |
| 388.00                          | Fiduciary Fund Pension Contributions             |  |     |  |  |  | 733,866 | 733,866 |  |
| 389.00                          | All Other Unclassified Operating Revenues        |  |     |  |  |  |         |         |  |
|                                 | <b>Total Unclassified Operating Revenues</b>     |  | 140 |  |  |  | 753,658 | 753,798 |  |

| Other Financing Sources |                                             |         |       |  |  |  |  |  |         |
|-------------------------|---------------------------------------------|---------|-------|--|--|--|--|--|---------|
| 391.00                  | Proceeds of General Fixed Asset Disposition | 1,170   |       |  |  |  |  |  | 1,170   |
| 392.00                  | Interfund Operating Transfers               | 296,000 | 5,974 |  |  |  |  |  | 301,974 |
| 393.00                  | Proceeds of General Long-Term Debt          |         |       |  |  |  |  |  |         |
| 394.00                  | Proceeds of Short Term-Debt                 | 863,000 |       |  |  |  |  |  | 863,000 |

**MUNHALL BORO, ALLEGHENY COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|                                           | Governmental Funds |                                                |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total     |
|-------------------------------------------|--------------------|------------------------------------------------|------------------|--------------|------------|-------------------|--|----------------|-----------|
|                                           | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |           |
| <b>REVENUES</b>                           |                    |                                                |                  |              |            |                   |  |                |           |
| <b>Other Financing Sources</b>            |                    |                                                |                  |              |            |                   |  |                |           |
| 395.00 Refunds of Prior Year Expenditures | 11,763             |                                                |                  |              |            |                   |  |                | 11,763    |
| <b>Total Other Financing Sources</b>      | 1,171,933          | 5,974                                          |                  |              |            |                   |  |                | 1,177,907 |

**TOTAL REVENUES** 9,672,166 453,521 1,444,499 11,570,186

**EXPENDITURES**

| <b>General Government</b> |                                              |         |  |  |  |  |  |         |
|---------------------------|----------------------------------------------|---------|--|--|--|--|--|---------|
| 400.00                    | Legislative (Governing) Body                 | 16,600  |  |  |  |  |  | 16,600  |
| 401.00                    | Executive (Manager or Mayor)                 | 81,257  |  |  |  |  |  | 81,257  |
| 402.00                    | Auditing Services / Financial Administration | 5,915   |  |  |  |  |  | 5,915   |
| 403.00                    | Tax Collection                               | 63,495  |  |  |  |  |  | 63,495  |
| 404.00                    | Solicitor / Legal Services                   | 324,427 |  |  |  |  |  | 324,427 |
| 405.00                    | Secretary / Clerk                            | 65,657  |  |  |  |  |  | 65,657  |
| 406.00                    | Other General Government Administration      | 137,622 |  |  |  |  |  | 137,622 |
| 407.00                    | IT-Networking Services-Data Processing       | 38,830  |  |  |  |  |  | 38,830  |
| 408.00                    | Engineering Services                         | 27,689  |  |  |  |  |  | 27,689  |
| 409.00                    | General Government Buildings and Plant       | 137,815 |  |  |  |  |  | 137,815 |
|                           | <b>Total General Government</b>              | 899,307 |  |  |  |  |  | 899,307 |

**Public Safety**

|        |                          |           |        |  |  |  |  |           |
|--------|--------------------------|-----------|--------|--|--|--|--|-----------|
| 410.00 | Police                   | 2,587,252 | 15,521 |  |  |  |  | 2,602,773 |
| 411.00 | Fire                     | 406,553   | 33,757 |  |  |  |  | 440,310   |
| 412.00 | Ambulance / Rescue       |           |        |  |  |  |  |           |
| 413.00 | UCC and Code Enforcement | 69,299    |        |  |  |  |  | 69,299    |

**MUNHALL BORO, ALLEGHENY COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|                                            | Governmental Funds                            |                                                   |                  |              |            |                  | Fiduciary Fund | Total     |
|--------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------------|--------------|------------|------------------|----------------|-----------|
|                                            | General Fund                                  | Special Revenue<br>(Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service |                |           |
| <b>EXPENDITURES</b>                        |                                               |                                                   |                  |              |            |                  |                |           |
| <b>Public Safety</b>                       |                                               |                                                   |                  |              |            |                  |                |           |
| 414.00                                     | Planning and Zoning                           |                                                   |                  |              |            |                  |                |           |
| 415.00                                     | Emergency Management and Communications       | 33,422                                            |                  |              |            |                  |                | 33,422    |
| 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>                    | 3,096,526                                         | 49,278           |              |            |                  |                | 3,145,804 |
| <b>Health and Human Services</b>           |                                               |                                                   |                  |              |            |                  |                |           |
| 420.00-                                    | Health and Human Services                     |                                                   |                  |              |            |                  |                |           |
| 425.00                                     |                                               |                                                   |                  |              |            |                  |                |           |
|                                            | <b>Total Health and Human Services</b>        |                                                   |                  |              |            |                  |                |           |
| <b>Public Works - Sanitation</b>           |                                               |                                                   |                  |              |            |                  |                |           |
| 426.00                                     | Recycling Collection and Disposal             |                                                   |                  |              |            |                  |                |           |
| 427.00                                     | Solid Waste Collection and Disposal (garbage) | 823,415                                           |                  |              |            |                  |                | 823,415   |
| 428.00                                     | Weed Control                                  |                                                   |                  |              |            |                  |                |           |
| 429.00                                     | Wastewater / Sewage Treatment and Collection  |                                                   |                  |              |            |                  |                |           |
|                                            | <b>Total Public Works - Sanitation</b>        | 823,415                                           |                  |              |            |                  |                | 823,415   |
| <b>Public Works - Highways and Streets</b> |                                               |                                                   |                  |              |            |                  |                |           |
| 430.00                                     | General Services - Administration             | 896,396                                           |                  |              |            |                  |                | 896,396   |
| 431.00                                     | Cleaning of Streets and Gutters               | 800                                               |                  |              |            |                  |                | 800       |
| 432.00                                     | Winter Maintenance - Snow Removal             | 182,061                                           |                  |              |            |                  |                | 182,061   |
| 433.00                                     | Traffic Control Devices                       | 10,870                                            |                  |              |            |                  |                | 10,870    |
| 434.00                                     | Street Lighting                               | 184,755                                           |                  |              |            |                  |                | 184,755   |

MUNHALL BORO, ALLEGHENY COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total |
|--------------|------------------------------------------------|------------------|--------------|------------|-------------------|--|----------------|-------|
|              | Special Revenue (Including State Liquid Funds) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |       |

**EXPENDITURES**

| Public Works - Highways and Streets |                                                  |                  |  |  |  |  |  |                  |
|-------------------------------------|--------------------------------------------------|------------------|--|--|--|--|--|------------------|
| 435.00                              | Sidewalks and Crosswalks                         |                  |  |  |  |  |  |                  |
| 436.00                              | Storm Sewers and Drains                          |                  |  |  |  |  |  |                  |
| 437.00                              | Repairs of Tools and Machinery                   | 27,667           |  |  |  |  |  | 27,667           |
| 438.00                              | Maintenance and Repairs of Roads and Bridges     | 374,788          |  |  |  |  |  | 374,788          |
| 439.00                              | Highway Construction and Rebuilding Projects     |                  |  |  |  |  |  |                  |
|                                     | <b>Total Public Works - Highways and Streets</b> | <b>1,677,337</b> |  |  |  |  |  | <b>1,677,337</b> |

| Other Public Works Enterprises |                                             |  |  |  |  |  |  |  |
|--------------------------------|---------------------------------------------|--|--|--|--|--|--|--|
| 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                                |  |  |  |  |  |  |  |
| 449.00                         | Water Transport and Terminals               |  |  |  |  |  |  |  |
|                                | <b>Total Other Public Works Enterprises</b> |  |  |  |  |  |  |  |

| Culture and Recreation |                                   |        |  |  |  |  |  |        |
|------------------------|-----------------------------------|--------|--|--|--|--|--|--------|
| 451.00                 | Culture-Recreation Administration | 34,674 |  |  |  |  |  | 34,674 |
| 452.00                 | Participant Recreation            |        |  |  |  |  |  |        |
| 453.00                 | Spectator Recreation              |        |  |  |  |  |  |        |
| 454.00                 | Parks                             | 27,163 |  |  |  |  |  | 27,163 |

MUNHALL BORO, ALLEGHENY COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2016

|                                                     | Governmental Funds                                            |                                                |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total     |
|-----------------------------------------------------|---------------------------------------------------------------|------------------------------------------------|------------------|--------------|------------|-------------------|--|----------------|-----------|
|                                                     | General Fund                                                  | Special Revenue (including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |           |
| <b>EXPENDITURES</b>                                 |                                                               |                                                |                  |              |            |                   |  |                |           |
| <b>Culture and Recreation</b>                       |                                                               |                                                |                  |              |            |                   |  |                |           |
| 455.00                                              | Shade Trees                                                   |                                                |                  |              |            |                   |  |                |           |
| 456.00                                              | Libraries                                                     | 126,418                                        |                  |              |            |                   |  |                | 126,418   |
| 457.00                                              | Civil and Military Celebrations                               | 16,434                                         | 95               |              |            |                   |  |                | 16,529    |
| 458.00                                              | Senior Citizens' Centers                                      |                                                |                  |              |            |                   |  |                |           |
| 459.00                                              | All Other Culture and Recreation                              |                                                |                  |              |            |                   |  |                |           |
|                                                     | <b>Total Culture and Recreation</b>                           | 204,689                                        | 95               |              |            |                   |  |                | 204,784   |
| <b>Community Development</b>                        |                                                               |                                                |                  |              |            |                   |  |                |           |
| 461.00                                              | Conservation of Natural Resources                             |                                                |                  |              |            |                   |  |                |           |
| 462.00                                              | Community Development and Housing                             |                                                |                  |              |            |                   |  |                |           |
| 463.00                                              | Economic Development                                          |                                                |                  |              |            |                   |  |                |           |
| 464.00                                              | Economic Opportunity                                          |                                                |                  |              |            |                   |  |                |           |
| 465-469                                             | All Other Community Development                               |                                                |                  |              |            |                   |  |                |           |
|                                                     | <b>Total Community Development</b>                            |                                                |                  |              |            |                   |  |                |           |
| <b>Debt Service</b>                                 |                                                               |                                                |                  |              |            |                   |  |                |           |
| 471.00                                              | Debt Principal (short-term and long-term)                     | 1,048,590                                      |                  |              |            |                   |  |                | 1,048,590 |
| 472.00                                              | Debt Interest (short-term and long-term)                      | 27,655                                         |                  |              |            |                   |  |                | 27,655    |
| 475.00                                              | Fiscal Agent Fees                                             | 995                                            |                  |              |            |                   |  |                | 995       |
|                                                     | <b>Total Debt Service</b>                                     | 1,077,240                                      |                  |              |            |                   |  |                | 1,077,240 |
| <b>Employer Paid Benefits and Withholding Items</b> |                                                               |                                                |                  |              |            |                   |  |                |           |
| 481.00                                              | Employer Paid Withholding Taxes and Unemployment Compensation | 241,960                                        |                  |              |            |                   |  |                | 241,960   |
| 482.00                                              | Judgments and Losses                                          |                                                |                  |              |            |                   |  |                |           |
| 483.00                                              | Pension / Retirement Fund Contributions                       | 665,433                                        |                  |              |            |                   |  |                | 665,433   |

MUNHALL BORO, ALLEGHENY COUNTY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 December 31, 2016

|  | Governmental Funds |                                                |                  |              |            | Proprietary Funds |                  | Fiduciary Fund  | Total |
|--|--------------------|------------------------------------------------|------------------|--------------|------------|-------------------|------------------|-----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  | Trust and Agency | Memorandum Only |       |

**EXPENDITURES**

| Employer Paid Benefits and Withholding Items |                                                           |           |  |  |  |  |  |  |           |
|----------------------------------------------|-----------------------------------------------------------|-----------|--|--|--|--|--|--|-----------|
| 484.00                                       | Worker Compensation Insurance                             | 208,483   |  |  |  |  |  |  | 208,483   |
| 487.00                                       | Other Group Insurance Benefits                            | 115,680   |  |  |  |  |  |  | 115,680   |
|                                              | <b>Total Employer Paid Benefits and Withholding Items</b> | 1,231,556 |  |  |  |  |  |  | 1,231,556 |

| Insurance |                                 |         |  |  |  |  |  |  |         |
|-----------|---------------------------------|---------|--|--|--|--|--|--|---------|
| 486.00    | Insurance, Casualty, and Surety | 120,459 |  |  |  |  |  |  | 120,459 |
|           | <b>Total Insurance</b>          | 120,459 |  |  |  |  |  |  | 120,459 |

| Unclassified Operating Expenditures |                                                  |  |  |  |  |  |         |  |         |
|-------------------------------------|--------------------------------------------------|--|--|--|--|--|---------|--|---------|
| 488.00                              | Fiduciary Fund Benefits and Refunds Paid         |  |  |  |  |  | 693,420 |  | 693,420 |
| 489.00                              | All Other Unclassified Expenditures              |  |  |  |  |  | 111,415 |  | 111,415 |
|                                     | <b>Total Unclassified Operating Expenditures</b> |  |  |  |  |  | 804,835 |  | 804,835 |

| Other Financing Uses |                                   |  |         |  |  |  |  |  |         |
|----------------------|-----------------------------------|--|---------|--|--|--|--|--|---------|
| 491.00               | Refund of Prior Year Revenues     |  |         |  |  |  |  |  |         |
| 492.00               | Interfund Operating Transfers     |  | 301,974 |  |  |  |  |  | 301,974 |
| 493.00               | All Other Financing Uses          |  |         |  |  |  |  |  |         |
|                      | <b>Total Other Financing Uses</b> |  | 301,974 |  |  |  |  |  | 301,974 |

|                           |           |         |  |  |  |  |         |  |            |
|---------------------------|-----------|---------|--|--|--|--|---------|--|------------|
| <b>TOTAL EXPENDITURES</b> | 9,130,529 | 351,347 |  |  |  |  | 804,835 |  | 10,286,711 |
|---------------------------|-----------|---------|--|--|--|--|---------|--|------------|

| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES |         |         |  |  |  |  |         |  |           |
|----------------------------------------------|---------|---------|--|--|--|--|---------|--|-----------|
|                                              | 541,637 | 102,174 |  |  |  |  | 639,664 |  | 1,283,475 |



## MUNHALL BORO

December 31, 2016

## DEBT STATEMENT

## OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

| Purpose                                     | Bond (B)<br>Capital Lease (C)<br>Lease Rental (L)<br>Note (N) | Issue Year<br>(yyyy) | Maturity<br>Year<br>(yyyy) | Original<br>Amount of<br>Issue | Outstanding<br>Beginning of<br>Year (1) | Principal<br>Incurred<br>This Year | Principal<br>Paid This<br>Year | Current Year<br>Accretion on<br>Compound Interest<br>Bonds | Outstanding at<br>Year End (1) | Plus (less)<br>Unamortized<br>Premium<br>(Discount) | Total<br>Balance |
|---------------------------------------------|---------------------------------------------------------------|----------------------|----------------------------|--------------------------------|-----------------------------------------|------------------------------------|--------------------------------|------------------------------------------------------------|--------------------------------|-----------------------------------------------------|------------------|
| <b>General Obligation Bonds and Notes</b>   |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| <b>Revenue Bonds and Notes</b>              |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| <b>Lease Rental Debt</b>                    |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |
| 2013 Police Cars                            | Capital Leases                                                | 2013                 | 2016                       | 153,488                        | 32,462                                  |                                    | 32,462                         |                                                            | 0                              |                                                     | 0                |
| 2014 Garbage Truck                          | Capital Leases                                                | 2013                 | 2018                       | 176,066                        | 99,404                                  |                                    | 35,266                         |                                                            | 64,138                         |                                                     | 64,138           |
| 2014 Computer & Communications<br>Equipment | Capital Leases                                                | 2014                 | 2018                       | 99,586                         | 59,661                                  |                                    | 18,947                         |                                                            | 40,714                         |                                                     | 40,714           |
| 2015 International 5-ton Dump               | Capital Leases                                                | 2014                 | 2019                       | 143,856                        | 114,557                                 |                                    | 27,061                         |                                                            | 87,496                         |                                                     | 87,496           |
| 2 2014 Police Cars                          | Capital Leases                                                | 2015                 | 2017                       | 89,936                         | 58,936                                  |                                    | 28,610                         |                                                            | 30,326                         |                                                     | 30,326           |
| 2 2017 Police Cars 1 Ford F350              | Capital Leases                                                | 2016                 | 2019                       | 129,034                        | 0                                       | 129,034                            | 43,244                         |                                                            | 85,790                         |                                                     | 85,790           |
| General Obligation Note - Series 2016       | Note                                                          | 2016                 | 2018                       | 63,000                         | 0                                       | 63,000                             | 63,000                         |                                                            | 0                              |                                                     | 0                |
| Tax Anticipation Note                       | Note                                                          | 2016                 | 2016                       | 800,000                        | 0                                       | 800,000                            | 800,000                        |                                                            | 0                              |                                                     | 0                |
| <b>Other</b>                                |                                                               |                      |                            |                                |                                         |                                    |                                |                                                            |                                |                                                     |                  |

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

308,464

Capitalized lease obligations

0

Net debt

308,464

MUNHALL BORO, ALLEGHENY County  
**STATEMENT OF CAPITAL EXPENDITURES**  
 December 31, 2016

| Category                          | Capital Purchases | Capital Construction | Total          |
|-----------------------------------|-------------------|----------------------|----------------|
| Community Development             |                   |                      |                |
| Electric                          |                   |                      |                |
| Fire                              | 29,088            |                      | 29,088         |
| Gas System                        |                   |                      |                |
| General Government                |                   |                      |                |
| Health                            |                   |                      |                |
| Housing                           |                   |                      |                |
| Libraries                         |                   |                      |                |
| Mass Transit                      |                   |                      |                |
| Parks                             |                   |                      |                |
| Police                            | 129,034           |                      | 129,034        |
| Recreation                        |                   |                      |                |
| Sewer                             |                   |                      |                |
| Solid Waste                       |                   |                      |                |
| Streets / Highways                |                   |                      |                |
| Water                             |                   |                      |                |
| Other: _____                      |                   |                      |                |
| <b>TOTAL CAPITAL EXPENDITURES</b> | <b>158,122</b>    |                      | <b>158,122</b> |

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials) **3,056,809**

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

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

The Borough of Munhall was incorporated under the provisions governing the creation of municipal corporations in the Commonwealth of Pennsylvania. Members of Borough Council are elected by the voting public. These Council members have complete authority over the operations and administration of the Borough's activities. The major functions of the Borough include public safety, maintenance of Borough infrastructure (roads), maintenance of parks and other recreational facilities for use by Borough residents and general administrative functions necessary to facilitate Borough resident needs and responsibilities.

The accompanying 2016 Municipal Annual Audit and Financial Report (special purpose financial report) was prepared in conformity with the accounting practices and procedures prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accounting practices and procedures of the DCED permit the preparation of the special purpose financial report without certain financial statement note disclosures, management's discussion and analysis, full-accrual government-wide statements, modified accrual financial statements, and budget to actual statements, as required by accounting principles generally accepted in the United States of America. The effects on the special purpose financial report, as a result of the differences between the DCED accounting practices and procedures and accounting principles generally accepted in the United States of America, are not reasonably determinable.

The most significant of the Borough's accounting policies are as follows:

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Borough of Munhall consists of all funds, departments, boards and agencies that are not legally separate from the Borough. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the Borough's reporting entity because of the significance of their operating or financial relationships with the Borough. Based on the application of these criteria, the Borough of Munhall has no component units.

**FUND ACCOUNTING**

The Borough uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Borough functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds utilized by the Borough of Munhall are classified into two categories: governmental and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Borough's governmental funds:

**GENERAL FUND** - Established under 'The Borough Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Borough. Income in this fund is derived mainly from assessed revenues such as real estate taxes, local taxes established under Act 511, and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Borough and other miscellaneous operating expenses.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

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

**FUND ACCOUNTING (Continued)**

**HIGHWAY AID FUND** (SPECIAL REVENUE) - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Borough is responsible.

**POLICE DEPARTMENT GRANT FUND** (SPECIAL REVENUE) - Established to account for the proceeds of grants from the Department of Community and Economic Development (DCED) or other funding sources earmarked for the purchase of equipment and supplies to enhance the Borough's police department operations.

**FIRE EQUIPMENT MAINTENANCE FUND** (SPECIAL REVENUE) - Established to account for the proceeds of grants from the Department of Community and Economic Development (DCED) or other funding sources earmarked for the purpose of acquiring and/or maintaining fire related equipment utilized in connection with the Borough's public safety operations. This Fund maintained a deficit fund balance of \$31,804 as of December 31, 2016.

**CEMETERY FUND** (SPECIAL REVENUE) - Established in 2015 to account for public donations to be used for maintenance of the Homestead Cemetery.

**PROJECT LIFESAVERS FUND** (SPECIAL REVENUE) - Established in 2013 to account for public donations earmarked to assist the Borough's public safety operations with tracking the whereabouts of special needs individuals for their protection and overall safety.

**POLICE DEA FUND** (SPECIAL REVENUE) - Established to account for funds received by the Borough's police department from the Department of Justice for allowable public safety related expenditures as outlined in an Equitable Sharing Agreement between the Borough and Department of Justice.

**WAR MEMORIAL FUND** (SPECIAL REVENUE) - Established to account for public donations received by the Borough for the establishment and maintenance of a war memorial honoring Borough of Munhall military veterans who served in the U.S. armed forces.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The Borough has two pension trust funds (police pension and non-uniform pension) and an escrow fund to manage developer fees for engineering costs and other professional costs incurred for site plan review and permits.

**ACCOUNT GROUP**

In addition to the aforementioned funds, the Borough maintains one account group: General Long-Term Debt Account Group. The account group is used to account for long-term liabilities to be financed by governmental funds. This account group reports only the unmatured principal of the debt issued.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

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

**BASIS OF ACCOUNTING**

Borough of Munhall utilizes the cash basis of accounting. Under this method revenues are recorded when cash is received rather than earned. Expenditures are recorded when the disbursement is made rather than when the obligation is incurred.

**BUDGETS**

In January of 2016, Borough of Munhall adopted its 2016 annual budget for its General Fund totaling \$8,717,355 in accordance with the provisions of the Commonwealth of Pennsylvania Borough Code. The budget is prepared utilizing the cash basis of accounting. Budgetary transfers among various expenditure line items are performed as necessary and as approved by Borough Council. All appropriations lapse at the end of each calendar year. General Fund expenditures exceeded budgeted expenditures for calendar year 2016.

**CASH AND INVESTMENTS**

Cash and investments for the Borough's governmental funds include amounts in demand deposit accounts. The Borough's fiduciary fund investments include amounts invested with PNC Institutional Investments (mutual funds and government-backed securities). Investments are recorded at fair value. Provisions of the Borough Code authorize the following investments:

- I. U.S. Treasury Bills.
- II. Short-term obligations of the United States Government of its agencies or instrumentalities
- III. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.
- IV. Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of the governmental units.
- V. Shares of an investment company registered under the Investment Company Act of 1940, and registered under the Securities Act of 1933.
- VI. Any investment authorized by 20 Pa. C.S. Ch. 73 relating to fiduciaries investments.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the balance sheet.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

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

**CAPITAL ASSETS AND DEPRECIATION**

The historical cost of fixed assets purchased by the Borough of Munhall is not accumulated, maintained and depreciated. Accordingly, the Borough does not maintain a General Fixed Asset Account Group.

**PROPERTY AND EARNED INCOME TAX REVENUE**

Property tax and earned income tax revenues are recognized based on the amounts levied to the extent collected during the year. Interest and penalty charges accrued on unpaid taxes are recognized as revenue when received.

**TOTAL COLUMNS**

Total columns in the 2016 Municipal Annual Audit and Financial Report are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS – GOVERNMENTAL FUNDS:**

At December 31, 2016, Borough of Munhall had the following carrying values on its cash and cash equivalent accounts:

|                       | <b>Bank Balance</b> | <b>(Memo Only)<br/>Book Balance</b> |
|-----------------------|---------------------|-------------------------------------|
| General Fund          | \$ 1,185,501        | \$ 1,154,776                        |
| Special Revenue Funds | 312,735             | 312,735                             |
| Fiduciary Fund        | 1,029               | 1,029                               |
| <b>Total</b>          | <b>\$ 1,499,265</b> | <b>\$ 1,468,540</b>                 |

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government account \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a separate policy for custodial credit risk in addition to the requirements of the Borough Code. As of December 31, 2016, \$1,249,265 of the Borough's bank balance total with Citizen's Bank is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Borough's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS:**

The fair value and maturity term of the Borough's investments as of December 31, 2016 is as follows:

|                               | <b><u>No Stated<br/>Maturity</u></b> | <b><u>1-5 Years</u></b> | <b><u>6-10 Years</u></b> |
|-------------------------------|--------------------------------------|-------------------------|--------------------------|
| <b>Fiduciary Funds:</b>       |                                      |                         |                          |
| U.S. Agency Securities        | \$ 876                               | \$ -                    | \$ 876                   |
| ETF - Fixed Income Securities | 4,727,905                            | -                       | -                        |
| ETF - Equity Securities       | 3,800,093                            | -                       | -                        |
| Mutual Funds                  | 6,582,564                            | -                       | -                        |
|                               | <b><u>\$ 15,111,438</u></b>          | <b><u>\$ -</u></b>      | <b><u>\$ 876</u></b>     |

Investments classified as U.S. Agencies are securities of agencies of the U.S. Government that have an implied but not explicit guarantee.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough's fiduciary fund investments in fixed income and equity securities, and mutual funds, are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Borough does not have a specific policy that would limit its investment choices to those with certain credit ratings.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough has no formal investment policy for credit risk. The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plan does have an investment policy with PNC Advisors specific to the allocation of investments. As of December 31, 2016, investments in U.S. Agency Securities have not been rated by Standards & Poors.

**Interest Rate Risk:**

The Borough does not have a formal investment policy that limits investment maturities, other than a 60% limit on fixed income securities, as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk:**

The Borough places no limit on the amount it may invest in any one issuer.

**Fair Value Measurements:**

The Borough of Munhall's fiduciary fund investments are reported at fair value within the fair value Hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three level fair value hierarchy that prioritizes the inputs to measure fair value.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Fair Value Measurements: (Continued)**

The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes

**Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data

**Level 3** – Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the Borough by level within the fair value hierarchy:

|                               | <b>Value<br/>at 12/31/16</b> | <b>Fair Value Measurements</b> |                    |                    |
|-------------------------------|------------------------------|--------------------------------|--------------------|--------------------|
|                               |                              | <b>Level 1</b>                 | <b>Level 2</b>     | <b>Level 3</b>     |
| U.S. Agency Securities        | \$ 876                       | \$ 876                         | \$ -               | \$ -               |
| ETF - Fixed Income Securities | 4,727,905                    | 4,727,905                      | -                  | -                  |
| ETF - Equity Securities       | 3,800,093                    | 3,800,093                      | -                  | -                  |
| Mutual Funds                  | 6,582,564                    | 6,582,564                      | -                  | -                  |
|                               | <b><u>\$ 15,111,438</u></b>  | <b><u>\$ 15,111,438</u></b>    | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> |

**NOTE 3 - PROPERTY TAXES**

Borough of Munhall levies property taxes in February of each calendar year. The calendar dates for payment of these taxes is as follows:

**PAYMENT PERIOD**

|                             |                   |
|-----------------------------|-------------------|
| February 15 – April 1, 2016 | (Discount period) |
| April 1 – May 31, 2016      | (Face period)     |
| June 1 and after            | (Penalty period)  |

Taxpayers are entitled to a 3% discount if taxes are paid prior to February 28<sup>th</sup>, and a 2% discount if taxes are paid prior to April 1st. Collections after May 31st are assessed a 10% penalty. Unpaid taxes are remitted to the Borough’s delinquent real estate tax collector.

The tax millage assessment for the 2016 calendar year is 10.75 mills on the assessed value of land and buildings, which represents \$10.75 of revenue for every \$1,000 of assessed value.



**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 4 – INTER-FUND RECEIVABLES/PAYABLES/TRANSFERS**

Inter-fund receivables and payables as reflected on the balance sheets are as follows:

|                                 | <u>RECEIVABLE</u> | <u>PAYABLE</u>   |
|---------------------------------|-------------------|------------------|
| General Fund                    | \$ 33,107         | \$ 40,072        |
| Project Lifesaver Fund          | 1,524             | 50               |
| Police Department Grant Fund    | -                 | 1,524            |
| Fire Equipment Maintenance Fund | -                 | 32,982           |
| Escrow Fund                     | 40,072            | 75               |
|                                 | <u>\$ 74,703</u>  | <u>\$ 74,703</u> |

These inter-fund obligations represent reimbursements due between funds of the Borough for deposits received and operating costs paid by certain funds on behalf of other funds.

Inter-fund transfers for the calendar year were as follows:

|                         | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
|-------------------------|---------------------|----------------------|
| General Fund            | \$ 296,000          | \$ -                 |
| Liquid Fuels Fund       | -                   | 296,000              |
| Police DEA Fund         | -                   | 5,974                |
| Police Dept. Grant Fund | 5,974               | -                    |
|                         | <u>\$ 301,974</u>   | <u>\$ 301,974</u>    |

Transfers between these funds represent reimbursements for certain receipts and disbursements incurred during the 2016 calendar year.

**NOTE 5 – LONG-TERM DEBT**

**TAX ANTICIPATION NOTE**

In January of 2016, the Borough received a tax anticipation note in the amount of \$800,000 from First Commonwealth Bank at an interest rate of 1.9% which was repaid by the Borough in August of 2016.

**GENERAL OBLIGATION NOTE, SERIES OF 2016**

On March 17, 2016, the Borough issued General Obligation Note, Series of 2016, in the amount of \$63,000 from First Commonwealth Bank for the purchase of a 2016 Backhoe. The interest rate on the note was 2.08%. The Borough paid the note in full in December of 2016.

**LEASE PURCHASE OBLIGATIONS**

In December of 2013, the Borough of Munhall entered into a lease agreement with FNB Commercial Leasing for the purchase of a garbage truck totaling \$176,066. The terms of the lease call for quarterly payments of \$9,420.46 at an interest rate of approximately 2.792634% scheduled to expire in September of 2018. The remaining principal balance due on the lease as of December 31, 2016 is \$64,137.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**LEASE PURCHASE OBLIGATIONS (Continued)**

In March of 2014, the Borough of Munhall entered into a lease agreement (#3346264) with KS State Bank for the purchase of computer and communications equipment totaling \$99,586. The terms of the lease call for a payment of \$21,859.78 at closing followed by four (4) annual payments of \$21,859.78 at an interest rate of approximately 4.80% scheduled to expire in March of 2018. The remaining principal balance due on the lease as of December 31, 2016 is \$40,714.

In August of 2014, the Borough of Munhall entered into a lease agreement (#3347130) with KS State Bank for the purchase of a 2015 International 5-ton Dump Truck totaling \$143,856. The terms of the lease call for five (5) annual payments of \$31,405 commencing in January of 2015 at an interest rate of approximately 3.79% scheduled to expire in January of 2019. The remaining principal balance due on the lease as of December 31, 2016 is \$87,497.

In June of 2015, the Borough of Munhall entered into a lease agreement with Ford Motor Credit Company for the purchase of two 2014 Ford Interceptor Utility vehicles totaling \$88,936. The terms of the lease call for one (1) principal payment of \$30,000 and two (2) annual principal and interest payments of \$32,146 commencing in June of 2015 at an interest rate of approximately 6.00% scheduled to expire in June of 2017. The remaining principal balance due on the lease as of December 31, 2016 is \$30,326.

In August of 2016, the Borough of Munhall entered into a lease agreement with KS State Bank for the purchase of two 2017 Ford Explorers and one Ford F350 totaling \$129,034. The terms of the lease call for three (3) annual payments of \$45,924 at an interest rate of approximately 4.64% scheduled to expire in January of 2019. The remaining principal balance due on the lease as of December 31, 2016 is \$85,790.

A schedule of the future minimum lease payments on the above lease obligations is as follows:

| <b>YEAR ENDED</b> | <b>FNB</b>       | <b>KS STATE #3346264</b> | <b>KS STATE #3347130</b> | <b>FORD MOTOR</b> | <b>KS STATE #3350319</b> | <b>INTEREST</b>  | <b>TOTAL</b>      |
|-------------------|------------------|--------------------------|--------------------------|-------------------|--------------------------|------------------|-------------------|
| 2017              | \$ 36,265        | \$ 19,872                | \$ 28,087                | \$ 30,326         | \$ 43,244                | \$ 12,552        | \$ 170,346        |
| 2018              | 27,872           | 20,842                   | 29,152                   | -                 | 42,546                   | 5,712            | 126,124           |
| 2019              | -                | -                        | 30,258                   | -                 | -                        | 1,147            | 31,405            |
|                   | <u>\$ 64,137</u> | <u>\$ 40,714</u>         | <u>\$ 87,497</u>         | <u>\$ 30,326</u>  | <u>\$ 85,790</u>         | <u>\$ 19,411</u> | <u>\$ 296,470</u> |

The following represents the changes in the Borough's debt obligations during 2016:

|        | <b>Balance 1/1/16</b> | <b>Additions</b>  | <b>Deletions</b>    | <b>Balance 12/31/16</b> | <b>Due Within One Year</b> |
|--------|-----------------------|-------------------|---------------------|-------------------------|----------------------------|
| Notes  | \$ -                  | \$ 63,000         | \$ (63,000)         | \$ -                    | \$ -                       |
| Leases | 365,020               | 129,034           | (185,590)           | 308,464                 | 157,794                    |
|        | <u>\$ 365,020</u>     | <u>\$ 192,034</u> | <u>\$ (248,590)</u> | <u>\$ 308,464</u>       | <u>\$ 157,794</u>          |

**NOTE 6 - BOROUGH PENSION PLAN**

Since the Borough does not present its statements of net position and activities in conformity with generally accepted accounting principles, it has not adopted as yet the accounting and reporting requirements as required by Governmental Accounting Standards Board (GASB) Statement No. 68 – “Accounting and Financial Reporting for Pensions”. The following is a summary of the Borough’s Police, and Non-Uniform pension plans:

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 6 - BOROUGH PENSION PLAN (Continued)**

**POLICE PENSION PLAN** - Borough of Munhall's police pension plan is a single-employer defined benefit pension plan. The Plan was established by Ordinance No. 1181, effective December 31, 1968. The Plan was amended and restated by Ordinance No. 1521, effective January 1, 2007. The Plan is governed by Borough Council for the Borough of Munhall which may amend Plan provisions, and which is responsible for the management of Plan assets. Council has delegated the authority to manage certain Plan assets to PNC Institutional Investments.

Plan membership as of January 1, 2017 was comprised of:

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| Active employees                                                        | 20 |
| Retirees and beneficiaries currently receiving benefits                 | 13 |
| Terminated employees entitled to benefits<br>but not yet receiving them | -  |
|                                                                         | 1  |
| Total                                                                   | 34 |

A summary of the plan's provisions are as follows:

- PARTICIPANTS** - All permanent members of the Borough of Munhall police department.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 25 years of aggregate service as a full-time Borough employee and have attained the age of 50. Participants are eligible for early retirement after 20 years of service.
- BENEFITS** - A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment plus a service increment equal to \$100 for completion of 26 or more years of service. Death benefits are provided before retirement eligibility equal to a refund of participant contributions plus interest. After retirement eligibility, death benefits for the participant's spouse are equal to 50% of the pension the participant was receiving or entitled to receive.
- VESTING** - Participants are entitled to a vested deferred benefit after 12 years of service.
- FUNDING** - Employee contributions are 5% of wages. Borough contributions are determined by the Actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program. The Borough contributed \$401,453 to the plan in 2016.

**NON-UNIFORM PENSION PLAN** - Borough of Munhall's non-uniform pension plan is a single-employer defined benefit pension plan. The Plan was established July 1, 1963. The Plan was amended and restated by Ordinance No. 1498, effective January 1, 2005. The Plan is governed by Borough Council for the Borough of Munhall which may amend Plan provisions, and which is responsible for the management of Plan assets. Council has delegated the authority to manage certain Plan assets to PNC Institutional Investments.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 6 - BOROUGH PENSION PLAN (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

Plan membership as of January 1, 2017 was comprised of:

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| Active employees                                                        | 17        |
| Retirees and beneficiaries currently receiving benefits                 | 15        |
| Terminated employees entitled to benefits<br>but not yet receiving them | 3         |
| Total                                                                   | <u>35</u> |

The summary of the plans provisions are as follows:

- PARTICIPANTS** - All full-time employees of the Borough of Munhall, excluding the police department.
- ELIGIBILITY** - Normal retirement age is 65. Participants are eligible for early retirement benefits provided that they have completed 20 years of aggregate service as a Borough employee and have attained the age of 60.
- BENEFITS** - Equal to 1.9% of average monthly compensation (averaged over the final 60 months of employment) multiplies by years of service. Death benefits are provided depending on years of service.
- VESTING** - Participants are 100% vested after 10 years of service.
- FUNDING** - Employee contributions are 2% of wages. Borough contributions are to be determined by the actuary. The Borough contributed \$225,974 to the plan in 2016.

**FUNDING REQUIREMENTS**

Act 205 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The State provides an allocation of funds (General Municipal Pension System State Aid Program) which must be used for pension funding. Any financial requirement established by the MMO which exceeds State and member contributions must be funded by the employer.

The plan's investment income was used to fund administrative costs. There are no long-term-term contracts for contributions as of December 31, 2016. In addition, there are no assets legally reserved for purposes other than the payment of plan member benefit.

**NOTE 7 – RISK MANAGEMENT**

Borough of Munhall is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks, if applicable, have not exceeded commercial insurance coverage for the past three years.

**BOROUGH OF MUNHALL**  
**NOTES TO SPECIAL PURPOSE FINANCIAL REPORT**  
**DECEMBER 31, 2016**

**NOTE 8 - CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough of Munhall is a party to various legal actions normally associated with municipalities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial position of the Borough of Munhall.

**STATE FUNDING**

The Borough of Munhall's state funded programs (Liquid Fuels, General Municipal Pension State Aid) are subject to audit by various governmental agencies. The Borough is potentially liable for any expenditure disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**COMPLIANCE MATTERS**

Payroll records for the Borough of Munhall were destroyed for calendar years 2011 and 2012. Accordingly, it was not possible to determine if the payroll tax returns and related liabilities were properly filed and paid with the respective taxing bodies. In June of 2016, the Internal Revenue Service sent a 'payment due' notice to the Borough for approximately \$83,824 related to calendar year 2011. In addition, certain payroll records were missing for the first six months of calendar year 2013 which necessitated the Borough having to reconstruct year-end tax reporting information (W-2s).

In June of 2016, the Internal Revenue Service sent a 'payment due' notice to the Borough for approximately \$11,181 related to the quarter ended June 30, 2013. The Borough also received notice in June of 2016 from the Internal Revenue Service, that information reported on their W-2s for calendar year 2013, did not match information reported by the Borough on their quarterly federal payroll tax Form 941s also submitted to the IRS, possibly as a result of the incomplete information for the first half of calendar year 2013. This notice indicates that the Borough could be potentially assessed an additional tax increase of \$43,718 plus a penalty in the amount of \$50,262. Management is currently attempting to reconstruct payroll information necessary to resolve this matter for submission to the appropriate federal taxing agencies.

**NOTE 9 – SUBSEQUENT EVENTS**

The Borough is not aware of any events subsequent to December 31, 2016 and through the date of this special purpose financial report that would require disclosure in the notes to the financial statements.

***SUPPLEMENTARY  
SCHEDULES***

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND REVENUES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                      | <u>2016<br/>BUDGET</u>     | <u>2016<br/>ACTUAL</u>     | <u>OVER (UNDER)<br/>BUDGET</u> |
|--------------------------------------|----------------------------|----------------------------|--------------------------------|
| <b><u>TAXES:</u></b>                 |                            |                            |                                |
| Real estate - current                | \$ 3,200,000               | \$ 3,136,904               | \$ (63,096)                    |
| Real estate - prior                  | 200,000                    | 100,589                    | (99,411)                       |
| T.I.F.                               | 492,000                    | 1,173,112                  | 681,112                        |
| Liened taxes - real estate           | 240,000                    | 207,812                    | (32,188)                       |
| Earned income tax                    | 1,032,220                  | 1,094,192                  | 61,972                         |
| Delinquent earned income tax         | 15,000                     | 7,670                      | (7,330)                        |
| Deed transfer                        | 50,000                     | 67,703                     | 17,703                         |
| LST Taxes                            | 125,000                    | 101,798                    | (23,202)                       |
| Mechanical Devices                   | 14,500                     | 21,300                     | 6,800                          |
| County sales tax                     | 400,000                    | 473,615                    | 73,615                         |
| <b>TOTAL TAXES</b>                   | <b><u>\$ 5,768,720</u></b> | <b><u>\$ 6,384,695</u></b> | <b><u>\$ 615,975</u></b>       |
| <b><u>LICENSES AND PERMITS:</u></b>  |                            |                            |                                |
| Building permits                     | \$ 2,500                   | \$ 4,784                   | \$ 2,284                       |
| Occupancy permits                    | 25,000                     | 20,786                     | (4,214)                        |
| Rental occupancy permits             | 33,300                     | 20,043                     | (13,257)                       |
| Comcast/Verizon franchise fee        | 230,000                    | 242,249                    | 12,249                         |
| Street opening permits               | 22,000                     | 14,740                     | (7,260)                        |
| <b>TOTAL LICENSES AND PERMITS</b>    | <b><u>\$ 312,800</u></b>   | <b><u>\$ 302,602</u></b>   | <b><u>\$ (10,198)</u></b>      |
| <b><u>FINES AND FORFEITURES:</u></b> |                            |                            |                                |
| Magistrate/court fees                | \$ 30,000                  | \$ 32,912                  | \$ 2,912                       |
| State police fines                   | 3,000                      | 4,613                      | 1,613                          |
| Complaints in Civil Action           | -                          | 227,140                    | 227,140                        |
| <b>TOTAL FINES AND FORFEITURES</b>   | <b><u>\$ 33,000</u></b>    | <b><u>\$ 264,665</u></b>   | <b><u>\$ 231,665</u></b>       |
| <b><u>INTEREST AND RENTS:</u></b>    |                            |                            |                                |
| Interest                             | \$ 20                      | \$ 644                     | \$ 624                         |
| Dividends                            | 1,000                      | 1,373                      | 373                            |
| Community Days                       | 2,000                      | -                          | (2,000)                        |
| Rental fees/West field               | 4,125                      | 24,680                     | 20,555                         |
| Building Rental/Maps                 | 2,000                      | -                          | (2,000)                        |
| <b>TOTAL INTEREST AND RENTS</b>      | <b><u>\$ 9,145</u></b>     | <b><u>\$ 26,697</u></b>    | <b><u>\$ 17,552</u></b>        |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL**  
**SCHEDULE OF GENERAL FUND REVENUES - BUDGET VERSUS ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                       | <u>2016<br/>BUDGET</u>     | <u>2016<br/>ACTUAL</u>     | <u>OVER (UNDER)<br/>BUDGET</u> |
|-------------------------------------------------------|----------------------------|----------------------------|--------------------------------|
| <b><u>INTERGOVERNMENTAL:</u></b>                      |                            |                            |                                |
| DUI grant                                             | \$ 300                     | \$ 3,666                   | \$ 3,366                       |
| Gas rebate                                            | 20,000                     | -                          | (20,000)                       |
| Early Intervention Program Grant                      | -                          | 46,000                     | 46,000                         |
| PURTA                                                 | 6,000                      | -                          | (6,000)                        |
| SVCOG/state aid                                       | 7,100                      | -                          | (7,100)                        |
| Liquor licenses                                       | -                          | 2,550                      | 2,550                          |
| Municipal pension state aid                           | 255,000                    | 271,228                    | 16,228                         |
| Fire relief fund                                      | 55,000                     | 54,623                     | (377)                          |
| Act 13 Shale Impact Fee                               | 1,190                      | 1,227                      | 37                             |
| Donation in lieu of taxes                             | 7,000                      | 7,000                      | -                              |
| <b>TOTAL INTERGOVERNMENTAL</b>                        | <b><u>\$ 351,590</u></b>   | <b><u>\$ 386,294</u></b>   | <b><u>\$ 34,704</u></b>        |
| <b><u>DEPARTMENTAL EARNINGS:</u></b>                  |                            |                            |                                |
| No lien letters                                       | \$ 4,000                   | \$ 6,465                   | \$ 2,465                       |
| Miscellaneous revenue                                 | 40,000                     | 19,938                     | (20,062)                       |
| Retiree health insurance                              | 1,800                      | 77                         | (1,723)                        |
| Insurance reimbursement                               | 10,000                     | 22,656                     | 12,656                         |
| Payback of pension                                    | 1,600                      | 21,268                     | 19,668                         |
| Teamster healthcare income                            | 6,000                      | 7,762                      | 1,762                          |
| Planning/zoning fees                                  | 250                        | -                          | (250)                          |
| Police services                                       | 20,000                     | 17,838                     | (2,162)                        |
| Police task force                                     | 18,000                     | -                          | (18,000)                       |
| Extra duty/police                                     | 35,000                     | 28,324                     | (6,676)                        |
| School resource officer                               | 40,000                     | 30,639                     | (9,361)                        |
| School guards payroll                                 | 35,000                     | 41,180                     | 6,180                          |
| Parking Space Fee                                     | 37,550                     | 35,675                     | (1,875)                        |
| Parking Meters                                        | -                          | 319                        | 319                            |
| Penndot winter traffic                                | -                          | 12,514                     | 12,514                         |
| Solid waste collections                               | 750,000                    | 820,529                    | 70,529                         |
| Delinquent solid waste                                | 120,000                    | 57,676                     | (62,324)                       |
| Commercial solid waste fee                            | 66,600                     | 11,683                     | (54,917)                       |
| Recycling receipts                                    | 1,500                      | -                          | (1,500)                        |
| Sewer authority payroll reimbursement                 | -                          | 737                        | 737                            |
| State animal control                                  | 300                        | -                          | (300)                          |
| <b>TOTAL DEPARTMENTAL EARNINGS</b>                    | <b><u>\$ 1,187,600</u></b> | <b><u>\$ 1,135,280</u></b> | <b><u>\$ (52,320)</u></b>      |
| <b><u>OTHER FINANCING SOURCES:</u></b>                |                            |                            |                                |
| Proceeds of fixed asset disposal                      | \$ -                       | \$ 1,170                   | \$ 1,170                       |
| Refund of prior year expenses - pension               | -                          | 11,763                     | 11,763                         |
| Interfund Transfer - Liquid Fuels Fund                | 250,000                    | 296,000                    | 46,000                         |
| Loan proceeds                                         | -                          | 63,000                     | 63,000                         |
| Tax anticipation note                                 | 800,000                    | 800,000                    | -                              |
| <b>TOTAL OTHER FINANCING SOURCES</b>                  | <b><u>\$ 1,050,000</u></b> | <b><u>\$ 1,171,933</u></b> | <b><u>\$ 121,933</u></b>       |
| <b>TOTAL REVENUES AND<br/>OTHER FINANCING SOURCES</b> | <b><u>\$ 8,712,855</u></b> | <b><u>\$ 9,672,166</u></b> | <b><u>\$ 959,311</u></b>       |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                   | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|-----------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>GENERAL GOVERNMENT:</u></b> |                        |                        |                                |
| <b><u>ADMINISTRATION:</u></b>     |                        |                        |                                |
| Salary - council                  | \$ 16,080              | \$ 16,600              | \$ (520)                       |
| Salary/mayor                      | 3,000                  | 3,000                  | -                              |
| Salary/manager                    | 75,000                 | 78,257                 | (3,257)                        |
| Auditing expenses                 | 12,000                 | 5,915                  | 6,085                          |
| Office supplies                   | 4,000                  | 11                     | 3,989                          |
| Office stationary/forms           | 1,500                  | 465                    | 1,035                          |
| General expenses                  | 25,000                 | 34,337                 | (9,337)                        |
| Hospitalization                   | 18,000                 | 27,981                 | (9,981)                        |
| Life insurance                    | 600                    | 2,191                  | (1,591)                        |
| Unemployment                      | 500                    | 7,651                  | (7,151)                        |
| Dues                              | 8,000                  | 3,833                  | 4,167                          |
| SVCOG dues                        | 12,500                 | 12,500                 | -                              |
| Professional training             | 8,000                  | 7,863                  | 137                            |
| Minor equipment purchases         | 10,000                 | 11,381                 | (1,381)                        |
| Travel reimbursement              | 2,600                  | 886                    | 1,714                          |
| Advertising                       | 3,000                  | 6,922                  | (3,922)                        |
| Dinner meetings                   | 1,000                  | 497                    | 503                            |
| Comcast                           | 9,000                  | 7,081                  | 1,919                          |
| Flowers                           | 1,000                  | 191                    | 809                            |
| Donations                         | 2,500                  | 100                    | 2,400                          |
| Optimus Risk Mgt                  | 9,450                  | 7,950                  | 1,500                          |
| MEIT Processing Fees              | 500                    | 196                    | 304                            |
| Miscellaneous Expense             | 15,000                 | 4,716                  | 10,284                         |
| Connect                           | -                      | 869                    | (869)                          |
| Bond/manager                      | 1,000                  | -                      | 1,000                          |
| <b>TOTAL ADMINISTRATION</b>       | <b>\$ 239,230</b>      | <b>\$ 241,393</b>      | <b>\$ (2,163)</b>              |
| <b><u>TAX COLLECTION:</u></b>     |                        |                        |                                |
| Property Tax Refund               | \$ 23,000              | \$ 11,487              | \$ 11,513                      |
| Tax Collector Salary              | 50,500                 | 50,740                 | (240)                          |
| Prep tax duplicate                | 9,500                  | -                      | 9,500                          |
| Bond/tax collector                | 7,000                  | 1,268                  | 5,732                          |
| Sales tax                         | 8,000                  | -                      | 8,000                          |
| Delinquent Liens                  | 20,000                 | -                      | 20,000                         |
| <b>TOTAL TAX COLLECTION</b>       | <b>\$ 118,000</b>      | <b>\$ 63,495</b>       | <b>\$ 54,505</b>               |
| <b><u>LEGAL:</u></b>              |                        |                        |                                |
| Retainer solicitor                | \$ 12,000              | \$ 12,000              | \$ -                           |
| Legal expenses                    | 290,000                | 312,427                | (22,427)                       |
| Zoning legal expenses             | 500                    | -                      | 500                            |
| <b>TOTAL LEGAL</b>                | <b>\$ 302,500</b>      | <b>\$ 324,427</b>      | <b>\$ (21,927)</b>             |
| <b><u>SECRETARY/CLERK:</u></b>    |                        |                        |                                |
| Office Secretary                  | \$ 36,000              | \$ 40,674              | \$ (4,674)                     |
| Part Time Clerk                   | 20,000                 | 18,777                 | 1,223                          |
| Payroll                           | 7,000                  | 6,206                  | 794                            |
| <b>TOTAL SECRETARY/CLERK</b>      | <b>\$ 63,000</b>       | <b>\$ 65,657</b>       | <b>\$ (2,657)</b>              |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                   | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|-----------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>DATA PROCESSING:</u></b>    |                        |                        |                                |
| Copy machine lease                | \$ 8,400               | \$ 16,756              | \$ (8,356)                     |
| Bookkeeping system                | 19,000                 | 22,074                 | (3,074)                        |
| <b>TOTAL DATA PROCESSING</b>      | <b>\$ 27,400</b>       | <b>\$ 38,830</b>       | <b>\$ (11,430)</b>             |
| <b><u>ENGINEERING:</u></b>        |                        |                        |                                |
| Engineering services              | \$ 40,000              | \$ 27,689              | \$ 12,311                      |
| <b>TOTAL ENGINEERING</b>          | <b>\$ 40,000</b>       | <b>\$ 27,689</b>       | <b>\$ 12,311</b>               |
| <b><u>MUNICIPAL BUILDING:</u></b> |                        |                        |                                |
| Wages                             | \$ 40,885              | \$ 42,607              | \$ (1,722)                     |
| Hospitalization                   | 12,000                 | 2,715                  | 9,285                          |
| Life insurance                    | 3,000                  | 373                    | 2,627                          |
| Unemployment buildings            | 250                    | -                      | 250                            |
| Safety shoes                      | 400                    | 425                    | (25)                           |
| Overtime/buildings                | 1,500                  | 2,876                  | (1,376)                        |
| Materials and supplies            | 8,000                  | 3,851                  | 4,149                          |
| Administration filtered water     | 350                    | 585                    | (235)                          |
| Telephone                         | 5,000                  | 4,373                  | 627                            |
| Cell phones                       | 4,000                  | 1,464                  | 2,536                          |
| Electric/municipal                | 8,200                  | 10,000                 | (1,800)                        |
| Natural gas                       | 40,000                 | 31,717                 | 8,283                          |
| Sewage/water                      | 6,000                  | 17,597                 | (11,597)                       |
| Generator maintenance             | 700                    | -                      | 700                            |
| Electric/maps building            | 4,000                  | 6,919                  | (2,919)                        |
| Elevator expenses                 | 2,300                  | 3,782                  | (1,482)                        |
| Building maintenance              | 2,500                  | 8,066                  | (5,566)                        |
| Window cleaning                   | 600                    | -                      | 600                            |
| Appraisal                         | 3,000                  | 465                    | 2,535                          |
| <b>TOTAL MUNICIPAL BUILDING</b>   | <b>\$ 142,685</b>      | <b>\$ 137,815</b>      | <b>\$ 4,870</b>                |
| <b>TOTAL GENERAL GOVERNMENT</b>   | <b>\$ 932,815</b>      | <b>\$ 899,307</b>      | <b>\$ 33,508</b>               |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                       | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|---------------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>PUBLIC SAFETY:</u></b>          |                        |                        |                                |
| <b><u>POLICE:</u></b>                 |                        |                        |                                |
| Salary - chief                        | \$ 96,793              | \$ 101,505             | \$ (4,712)                     |
| Salary - captain                      | 81,711                 | 85,982                 | (4,271)                        |
| Salary sargeants                      | 385,632                | 423,508                | (37,876)                       |
| Salary patrolmen                      | 983,361                | 1,054,548              | (71,187)                       |
| Extra duty pay                        | 30,000                 | -                      | 30,000                         |
| Hospitalization police                | 365,000                | 396,709                | (31,709)                       |
| Hospitalization retirees              | 15,000                 | 1,548                  | 13,452                         |
| Police testing                        | -                      | 200                    | (200)                          |
| Life insurance police                 | 16,000                 | 13,747                 | 2,253                          |
| Spectrum testing                      | -                      | 4,626                  | (4,626)                        |
| Unemployment police                   | 6,000                  | -                      | 6,000                          |
| Longevity pay                         | 25,000                 | 27,750                 | (2,750)                        |
| Holiday pay                           | 129,480                | 111,985                | 17,495                         |
| Longterm disability                   | 2,700                  | -                      | 2,700                          |
| Police overtime                       | 104,000                | 104,142                | (142)                          |
| Task Force                            | 20,000                 | -                      | 20,000                         |
| Police uniforms                       | 23,000                 | 22,294                 | 706                            |
| Police physical exams                 | 500                    | -                      | 500                            |
| Animal contol                         | 4,000                  | 2,800                  | 1,200                          |
| Office Supplies                       | 1,500                  | 3,232                  | (1,732)                        |
| Office stationary                     | 400                    | -                      | 400                            |
| Copier expenses                       | 7,500                  | -                      | 7,500                          |
| Office machine maintenance            | 800                    | -                      | 800                            |
| Ammunition                            | 9,000                  | 1,869                  | 7,131                          |
| Police Cars                           | -                      | 1,065                  | (1,065)                        |
| Gas                                   | 60,000                 | 32,580                 | 27,420                         |
| General expenses                      | 6,000                  | 10,085                 | (4,085)                        |
| NCIC comp                             | 400                    | -                      | 400                            |
| First vehicle maintenance             | 41,000                 | 55,563                 | (14,563)                       |
| Police vehicles cleaning              | 1,800                  | 1,750                  | 50                             |
| Minor equipment purchases             | 1,500                  | -                      | 1,500                          |
| Major equipment purchase              | 22,650                 | 7,020                  | 15,630                         |
| Vascar expenses                       | 100                    | 202                    | (102)                          |
| Telephone                             | 1,400                  | 11,477                 | (10,077)                       |
| Nextel/mobile phones                  | 3,000                  | 7,422                  | (4,422)                        |
| Chief cell phone                      | 1,200                  | 878                    | 322                            |
| Radio                                 | 10,000                 | 2,382                  | 7,618                          |
| Aircards                              | 7,000                  | 2,521                  | 4,479                          |
| Racal Maintenance Agreement           | 1,000                  | -                      | 1,000                          |
| Comcast                               | 1,500                  | 1,104                  | 396                            |
| Association                           | 600                    | -                      | 600                            |
| Tulip informer/Tulip Service Option 1 | 6,700                  | 4,250                  | 2,450                          |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                          | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|------------------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>PUBLIC SAFETY (Continued):</u></b> |                        |                        |                                |
| <b><u>POLICE (Continued):</u></b>        |                        |                        |                                |
| Filter water                             | 1,200                  | 1,061                  | 139                            |
| Conference expenses                      | 2,500                  | 251                    | 2,249                          |
| Training expenses                        | 6,000                  | 1,400                  | 4,600                          |
| Tupper program                           | 1,300                  | 2,150                  | (850)                          |
| Tupper circuits                          | 1,500                  | 3,027                  | (1,527)                        |
| DARE program                             | 1,000                  | -                      | 1,000                          |
| Crime watch                              | 1,500                  | 1,539                  | (39)                           |
| Benefit in lieu of medical               | 15,000                 | -                      | 15,000                         |
| Salary school guards                     | 66,000                 | 83,080                 | (17,080)                       |
| Uniform schoolguards                     | 700                    | -                      | 700                            |
| <b>TOTAL POLICE</b>                      | <b>\$ 2,569,927</b>    | <b>\$ 2,587,252</b>    | <b>\$ (17,325)</b>             |
| <b><u>CODE ENFORCEMENT:</u></b>          |                        |                        |                                |
| Salary code                              | \$ 49,190              | \$ 65,858              | \$ (16,668)                    |
| Hospitalization code                     | 12,000                 | 212                    | 11,788                         |
| Stationery forms/Code official           | 500                    | 1,340                  | (840)                          |
| Gas code                                 | 2,000                  | 1,056                  | 944                            |
| Life insurance code                      | 200                    | -                      | 200                            |
| Website maintenance                      | 900                    | 450                    | 450                            |
| Code enforcement nextel                  | 600                    | 383                    | 217                            |
| <b>TOTAL CODE ENFORCEMENT</b>            | <b>\$ 65,390</b>       | <b>\$ 69,299</b>       | <b>\$ (3,909)</b>              |
| <b><u>EMERGENCY MANAGEMENT</u></b>       |                        |                        |                                |
| Salary police dispatch                   | \$ 32,136              | \$ 32,370              | \$ (234)                       |
| Salary part time dispatchers             | 23,000                 | -                      | 23,000                         |
| Hospitalization dispatchers              | 10,200                 | 473                    | 9,727                          |
| Overtime dispatchers                     | -                      | 180                    | (180)                          |
| Emergency Management Expenses            | 500                    | 399                    | 101                            |
| <b>TOTAL EMERGENCY MANAGEMENT</b>        | <b>\$ 65,836</b>       | <b>\$ 33,422</b>       | <b>\$ 32,414</b>               |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                          | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|------------------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>FIRE PROTECTION:</u></b>           |                        |                        |                                |
| Vision/Physical Exam                     | \$ 600                 | \$ 730                 | \$ (130)                       |
| Materials/Supplies                       | 3,500                  | 4,299                  | (799)                          |
| Gasoline, Oil, Diesel Fuel               | 16,000                 | 11,290                 | 4,710                          |
| General Expenses                         | 3,500                  | 6,640                  | (3,140)                        |
| Fire Prevention                          | 5,500                  | 9,688                  | (4,188)                        |
| First Vehicle                            | 34,000                 | 48,074                 | (14,074)                       |
| Telephone                                | 1,700                  | 3,970                  | (2,270)                        |
| Communication Equipment                  | 8,000                  | 20,207                 | (12,207)                       |
| Computer Software                        | 1,000                  | 4,140                  | (3,140)                        |
| Water #2 Fire Company                    | 600                    | -                      | 600                            |
| Sewage #1 Fire Company                   | 350                    | 296                    | 54                             |
| Sewage #2 Fire Company                   | 200                    | -                      | 200                            |
| Sewage #4 Fire Company                   | 200                    | 799                    | (599)                          |
| Sewage #5 Fire Company                   | 400                    | 583                    | (183)                          |
| Water #1 Fire Company                    | 1,000                  | 547                    | 453                            |
| Water #4 Fire Company                    | 650                    | 574                    | 76                             |
| Water #5 Fire Company                    | 1,000                  | 1,097                  | (97)                           |
| Electric #1 Fire Company                 | 1,800                  | 2,342                  | (542)                          |
| Electric #4 Fire Company                 | 1,900                  | 3,896                  | (1,996)                        |
| Electric #5 Fire Company                 | 3,500                  | 5,338                  | (1,838)                        |
| Electric #2 Fire House                   | 700                    | -                      | 700                            |
| Natural Gas #2 Fire Company              | 1,600                  | 864                    | 736                            |
| Natural Gas #1 Fire Company              | 4,600                  | 1,565                  | 3,035                          |
| Natural Gas #4 Fire Company              | 4,500                  | -                      | 4,500                          |
| Natural Gas #5 Fire Company              | 6,000                  | 2,716                  | 3,284                          |
| Building and Maintenance #5 Fire Company | 1,800                  | 705                    | 1,095                          |
| Building and Maintenance #1 Fire Company | 1,200                  | 723                    | 477                            |
| Building and Maintenance #2 Fire Company | 1,200                  | -                      | 1,200                          |
| Building and Maintenance #4 Fire Company | 1,200                  | 776                    | 424                            |
| Fire Hydrants                            | 54,000                 | 53,342                 | 658                            |
| Truck Fund                               | 65,000                 | 65,000                 | -                              |
| Vehicle Repairs                          | 4,500                  | 200                    | 4,300                          |
| Fire Equipment Maintenance               | 15,000                 | 13,822                 | 1,178                          |
| Equipment Purchase                       | 35,000                 | 36,593                 | (1,593)                        |
| State Workmen Comp                       | 46,000                 | -                      | 46,000                         |
| Portable equipment                       | 8,000                  | 9,180                  | (1,180)                        |
| Fire Vehicle Insurance                   | 13,500                 | 11,285                 | 2,215                          |
| Firemen Relief Funds                     | 60,000                 | 85,272                 | (25,272)                       |
| <b>TOTAL FIRE PROTECTION</b>             | <b>\$ 409,200</b>      | <b>\$ 406,553</b>      | <b>\$ 2,647</b>                |
| <b>TOTAL PUBLIC SAFETY</b>               | <b>\$ 3,110,353</b>    | <b>\$ 3,096,526</b>    | <b>\$ 13,827</b>               |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                      | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|--------------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>PUBLIC WORKS:</u></b>          |                        |                        |                                |
| <b><u>HEALTH AND SANITATION:</u></b> |                        |                        |                                |
| Wages Sanitation/Recycling           | \$ 462,600             | \$ 339,686             | \$ 122,914                     |
| Hospitalization/Sanitation           | 110,000                | 182,305                | (72,305)                       |
| Life Insurance Sanitation            | 7,200                  | 6,354                  | 846                            |
| Unemployment Sanitation              | 3,500                  | -                      | 3,500                          |
| Overtime Sanitation                  | 1,500                  | 1,471                  | 29                             |
| Safety Equipment                     | 2,000                  | 163                    | 1,837                          |
| Gasoline, Oil, Deisel Fuel           | 44,000                 | 29,783                 | 14,217                         |
| General Expenses                     | 2,000                  | 1,656                  | 344                            |
| First Vehicle Sanitation/Recycling   | 62,000                 | 75,303                 | (13,303)                       |
| Cell Phones                          | 800                    | 1,584                  | (784)                          |
| Landfill Fees                        | 175,000                | 185,110                | (10,110)                       |
| <b>TOTAL HEALTH AND SANITATION</b>   | <b>\$ 870,600</b>      | <b>\$ 823,415</b>      | <b>\$ 47,185</b>               |
| <br>                                 |                        |                        |                                |
| <b><u>HIGHWAYS AND STREETS:</u></b>  |                        |                        |                                |
| Director of Public Works             | \$ 61,800              | \$ 62,668              | \$ (868)                       |
| Benefit in Lieu of Medical           | 12,000                 | -                      | 12,000                         |
| Salary Public Works                  | 258,470                | 372,193                | (113,723)                      |
| Summer Help                          | 20,000                 | 23,915                 | (3,915)                        |
| Hospitalization                      | 42,000                 | 40,809                 | 1,191                          |
| Life Insurance                       | 3,200                  | 5,446                  | (2,246)                        |
| Unemployment                         | 3,500                  | -                      | 3,500                          |
| Overtime                             | 40,000                 | 34,936                 | 5,064                          |
| Safety Shoes                         | 4,500                  | 5,395                  | (895)                          |
| Materials and supplies               | 30,000                 | 57,597                 | (27,597)                       |
| Gasoline, Oil, Diesel Fuel           | -                      | 1,693                  | (1,693)                        |
| General Expense                      | 4,500                  | 3,994                  | 506                            |
| Filtered Water                       | 300                    | 427                    | (127)                          |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                 | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|-------------------------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>PUBLIC WORKS (Continued):</u></b>         |                        |                        |                                |
| <b><u>HIGHWAYS AND STREETS (Continued):</u></b> |                        |                        |                                |
| PA One Call                                     | 800                    | 187                    | 613                            |
| First Vehicle                                   | 40,000                 | 49,672                 | (9,672)                        |
| Woodlawn Sewer Project                          | -                      | 35,200                 | (35,200)                       |
| Minor Equipment Purchases                       | 4,000                  | 3,711                  | 289                            |
| Major Equipment Purchase                        | 92,500                 | 96,460                 | (3,960)                        |
| Minor Equipment Maintenance                     | 25,000                 | 27,667                 | (2,667)                        |
| Leaf Composte Fee                               | 2,000                  | 288                    | 1,712                          |
| Telephone                                       | 1,300                  | 177                    | 1,123                          |
| Cell Phones                                     | 4,500                  | 3,358                  | 1,142                          |
| Electric/Public Works                           | 4,000                  | 7,577                  | (3,577)                        |
| Equipment Rental                                | 1,500                  | 5,245                  | (3,745)                        |
| Rock Salt                                       | 300,000                | 182,061                | 117,939                        |
| Street Signs                                    | 3,000                  | 6,376                  | (3,376)                        |
| Traffic Signals and Maintenance                 | 10,000                 | 10,870                 | (870)                          |
| Relamping St. Lights                            | 1,000                  | 2,685                  | (1,685)                        |
| Street Lights                                   | 190,000                | 173,981                | 16,019                         |
| Street Lights - 8th Avenue                      | 2,000                  | 5,446                  | (3,446)                        |
| Street Lights - Main Street                     | 15,000                 | -                      | 15,000                         |
| Street Lights - Waterfront                      | 550                    | -                      | 550                            |
| Street Light - Library Place                    | 2,400                  | 2,343                  | 57                             |
| 8th Avenue Maintenance                          | 1,000                  | -                      | 1,000                          |
| Main Street Light Maintenance                   | 7,000                  | 300                    | 6,700                          |
| Waterfront Light Maintenance                    | 1,500                  | -                      | 1,500                          |
| Tandem Rental                                   | 4,500                  | -                      | 4,500                          |
| Street Sweeping                                 | 4,000                  | 800                    | 3,200                          |
| Slag/Gravel/Cement                              | 3,000                  | 5,008                  | (2,008)                        |
| Asphalt                                         | 26,560                 | 6,647                  | 19,913                         |
| Catch Basins                                    | 30,000                 | 45,546                 | (15,546)                       |
| Paving/Resurfacing                              | -                      | 374,788                | (374,788)                      |
| Gasoline                                        | 30,000                 | 14,279                 | 15,721                         |
| Harvey Avenue Extension Cleaning                | 8,000                  | 7,492                  | 508                            |
| Ford F550                                       | 23,800                 | 100                    | 23,700                         |
| Line Painting                                   | 1,000                  | -                      | 1,000                          |
| <b>TOTAL HIGHWAYS AND STREETS</b>               | <b>\$ 1,320,180</b>    | <b>\$ 1,677,337</b>    | <b>\$ (357,157)</b>            |
| <b>TOTAL PUBLIC WORKS</b>                       | <b>\$ 2,190,780</b>    | <b>\$ 2,500,752</b>    | <b>\$ (309,972)</b>            |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL**  
**SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET VERSUS ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                              | <b>2016<br/>BUDGET</b> | <b>2016<br/>ACTUAL</b> | <b>(OVER) UNDER<br/>BUDGET</b> |
|------------------------------|------------------------|------------------------|--------------------------------|
| <b><u>RECREATION:</u></b>    |                        |                        |                                |
| Grounds Maintenance Contact  | \$ 5,000               | \$ 1,095               | \$ 3,905                       |
| Materials and Supplies       | 4,000                  | 602                    | 3,398                          |
| Repairs and Maintenance      | 3,000                  | 8,160                  | (5,160)                        |
| Holiday Décor/Dinner         | 9,500                  | 12,833                 | (3,333)                        |
| West Field Maintenance       | -                      | 15,112                 | (15,112)                       |
| West Field Utilities         | 10,000                 | 9,591                  | 409                            |
| Security Cameras             | 9,000                  | -                      | 9,000                          |
| Maintenance Trautman Field   | 15,000                 | 10,975                 | 4,025                          |
| Woodhill Park                | 8,500                  | 6,390                  | 2,110                          |
| Kennedy Park                 | 7,000                  | 2,475                  | 4,525                          |
| West Street War Memorial     | 300                    | 2,546                  | (2,246)                        |
| Park Square                  | 3,000                  | 4,777                  | (1,777)                        |
| Commuity Days                | 5,000                  | -                      | 5,000                          |
| Main Street Wreath Refresh   | 40,000                 | 115                    | 39,885                         |
| Capital Improvements         | 50,000                 | -                      | 50,000                         |
| Halloween Parade             | -                      | 2,500                  | (2,500)                        |
| Library Donation             | 125,000                | 126,418                | (1,418)                        |
| G.A.R. Memorial Day Donation | 1,000                  | 1,100                  | (100)                          |
| <b>TOTAL RECREATION</b>      | <b>\$ 295,300</b>      | <b>\$ 204,689</b>      | <b>\$ 90,611</b>               |
| <b><u>DEBT SERVICE:</u></b>  |                        |                        |                                |
| Lease Principal and Interest | \$ 206,151             | \$ 266,365             | \$ (60,214)                    |
| Tax Anticipation Loan        | 800,000                | 800,000                | -                              |
| Tax Anticipation Interest    | 9,000                  | 9,880                  | (880)                          |
| Tax Anticipation Fee         | 1,500                  | 995                    | 505                            |
| <b>TOTAL DEBT SERVICE</b>    | <b>\$ 1,016,651</b>    | <b>\$ 1,077,240</b>    | <b>\$ (60,589)</b>             |
| <b><u>MISCELLANEOUS:</u></b> |                        |                        |                                |
| Pension/SVCOG                | \$ 7,500               | \$ -                   | \$ 7,500                       |
| Pension/Nonuniform           | 250,000                | 263,980                | (13,980)                       |
| Pension/Police               | 232,956                | 401,453                | (168,497)                      |
| Brickstreet Insurance        | -                      | 115,505                | (115,505)                      |
| Casualty Insurance           | 86,000                 | 102,225                | (16,225)                       |
| Public Officials Insurance   | -                      | 17,282                 | (17,282)                       |
| Workmen Comp Insurance       | 372,000                | 208,483                | 163,517                        |
| Insurance Claims             | 10,000                 | 952                    | 9,048                          |
| Life Insurance/Retirees      | 3,000                  | 175                    | 2,825                          |
| Social Security/Medicare     | 210,000                | 241,960                | (31,960)                       |
| <b>TOTAL MISCELLANEOUS</b>   | <b>\$ 1,171,456</b>    | <b>\$ 1,352,015</b>    | <b>\$ (180,559)</b>            |
| <b>TOTAL EXPENDITURES</b>    | <b>\$ 8,717,355</b>    | <b>\$ 9,130,529</b>    | <b>\$ (413,174)</b>            |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF MUNHALL**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2016**

**SCHEDULE 3**

|                                                | HIGHWAY<br>AID<br>FUND | POLICE<br>DEPARTMENT<br>GRANT<br>FUND | FIRE<br>EQUIPMENT<br>MAINTENANCE<br>FUND | CEMETARY<br>FUND | PROJECT<br>LIFESAVERS<br>FUND | POLICE<br>DEA<br>FUND | WAR<br>MEMORIAL<br>FUND | TOTAL<br>SPECIAL<br>REVENUE<br>FUNDS |
|------------------------------------------------|------------------------|---------------------------------------|------------------------------------------|------------------|-------------------------------|-----------------------|-------------------------|--------------------------------------|
| <b>ASSETS:</b>                                 |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Cash and Investments                           | \$ 68                  | \$ 2,834                              | \$ 1,178                                 | \$ 9,768         | \$ 29,030                     | \$ 266,171            | \$ 3,686                | \$ 312,735                           |
| Due From Other Funds                           | -                      | -                                     | -                                        | -                | 1,524                         | -                     | -                       | 1,524                                |
| <b>TOTAL ASSETS</b>                            | <b>\$ 68</b>           | <b>\$ 2,834</b>                       | <b>\$ 1,178</b>                          | <b>\$ 9,768</b>  | <b>\$ 30,554</b>              | <b>\$ 266,171</b>     | <b>\$ 3,686</b>         | <b>\$ 314,259</b>                    |
| <b>LIABILITIES AND FUND BALANCES:</b>          |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| <b>LIABILITIES:</b>                            |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Due to Other Funds                             | \$ -                   | \$ 1,524                              | \$ 32,982                                | \$ -             | \$ 50                         | \$ -                  | \$ -                    | \$ 34,556                            |
| <b>TOTAL LIABILITIES</b>                       | <b>\$ -</b>            | <b>\$ 1,524</b>                       | <b>\$ 32,982</b>                         | <b>\$ -</b>      | <b>\$ 50</b>                  | <b>\$ -</b>           | <b>\$ -</b>             | <b>\$ 34,556</b>                     |
| <b>FUND BALANCES:</b>                          |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Restricted                                     | \$ 68                  | \$ -                                  | \$ -                                     | \$ 9,768         | \$ 30,504                     | \$ 266,171            | \$ 3,686                | \$ 310,197                           |
| Unassigned (Deficit)                           | -                      | 1,310                                 | (31,804)                                 | -                | -                             | -                     | -                       | (30,494)                             |
| <b>TOTAL FUND BALANCES</b>                     | <b>\$ 68</b>           | <b>\$ 1,310</b>                       | <b>\$ (31,804)</b>                       | <b>\$ 9,768</b>  | <b>\$ 30,504</b>              | <b>\$ 266,171</b>     | <b>\$ 3,686</b>         | <b>\$ 279,703</b>                    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 68</b>           | <b>\$ 2,834</b>                       | <b>\$ 1,178</b>                          | <b>\$ 9,768</b>  | <b>\$ 30,554</b>              | <b>\$ 266,171</b>     | <b>\$ 3,686</b>         | <b>\$ 314,259</b>                    |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF MUNHALL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                                               | HIGHWAY<br>AID<br>FUND | POLICE<br>DEPARTMENT<br>GRANT<br>FUND | FIRE<br>EQUIPMENT<br>MAINTENANCE<br>FUND | CEMETERY<br>FUND | PROJECT<br>LIFESAVERS<br>FUND | POLICE<br>DEA<br>FUND | WAR<br>MEMORIAL<br>FUND | TOTAL<br>SPECIAL<br>REVENUE<br>FUNDS |
|---------------------------------------------------------------|------------------------|---------------------------------------|------------------------------------------|------------------|-------------------------------|-----------------------|-------------------------|--------------------------------------|
| <b>REVENUES</b>                                               |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Intergovernmental                                             | \$ 296,055             | \$ -                                  | \$ -                                     | \$ -             | \$ -                          | \$ 100,504            | \$ -                    | \$ 396,559                           |
| Interest Earnings                                             | 10                     | -                                     | -                                        | -                | -                             | -                     | -                       | 10                                   |
| Insurance Proceeds                                            | -                      | -                                     | 27,687                                   | -                | -                             | -                     | -                       | 27,687                               |
| Miscellaneous                                                 | -                      | -                                     | 2,501                                    | 140              | 20,650                        | -                     | -                       | 23,291                               |
| <b>Total Revenue</b>                                          | <b>\$ 296,065</b>      | <b>\$ -</b>                           | <b>\$ 30,188</b>                         | <b>\$ 140</b>    | <b>\$ 20,650</b>              | <b>\$ 100,504</b>     | <b>\$ -</b>             | <b>\$ 447,547</b>                    |
| <b>EXPENDITURES</b>                                           |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Public Safety                                                 | \$ -                   | \$ 6,009                              | \$ 33,758                                | \$ -             | \$ 2,218                      | \$ 7,294              | \$ -                    | \$ 49,279                            |
| Culture and Recreation                                        | -                      | -                                     | -                                        | -                | -                             | -                     | 95                      | 95                                   |
| <b>Total Expenditures</b>                                     | <b>\$ -</b>            | <b>\$ 6,009</b>                       | <b>\$ 33,758</b>                         | <b>\$ -</b>      | <b>\$ 2,218</b>               | <b>\$ 7,294</b>       | <b>\$ 95</b>            | <b>\$ 49,374</b>                     |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 296,065</b>      | <b>\$ (6,009)</b>                     | <b>\$ (3,570)</b>                        | <b>\$ 140</b>    | <b>\$ 18,432</b>              | <b>\$ 93,210</b>      | <b>\$ (95)</b>          | <b>\$ 398,173</b>                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                        |                                       |                                          |                  |                               |                       |                         |                                      |
| Operating Transfers In                                        | \$ -                   | \$ 5,974                              | \$ -                                     | \$ -             | \$ -                          | \$ -                  | \$ -                    | \$ 5,974                             |
| Operating Transfers Out                                       | (296,000)              | -                                     | -                                        | -                | -                             | (5,974)               | -                       | (301,974)                            |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (296,000)</b>    | <b>\$ 5,974</b>                       | <b>\$ -</b>                              | <b>\$ -</b>      | <b>\$ -</b>                   | <b>\$ (5,974)</b>     | <b>\$ -</b>             | <b>\$ (296,000)</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ 65</b>           | <b>\$ (35)</b>                        | <b>\$ (3,570)</b>                        | <b>\$ 140</b>    | <b>\$ 18,432</b>              | <b>\$ 87,236</b>      | <b>\$ (95)</b>          | <b>\$ 102,173</b>                    |
| FUND BALANCE - JANUARY 1, 2016                                | 3                      | 1,345                                 | (28,234)                                 | 9,628            | 12,072                        | 178,935               | 3,781                   | 132,405                              |
| <b>FUND BALANCE - DECEMBER 31, 2016 (Deficit)</b>             | <b>\$ 68</b>           | <b>\$ 1,310</b>                       | <b>\$ (31,804)</b>                       | <b>\$ 9,768</b>  | <b>\$ 30,504</b>              | <b>\$ 266,171</b>     | <b>\$ 3,686</b>         | <b>\$ 279,703</b>                    |

The accompanying notes are an integral part of these financial statements

***OTHER  
SUPPLEMENTARY  
INFORMATION***

**BOROUGH OF MUNHALL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLANS**  
**DECEMBER 31, 2016**

**SCHEDULES OF FUNDING PROGRESS:**

**POLICE PENSION PLAN:**

|                                | (A)                             | (B)                               | (B-A)<br>(UAAL)<br>UNFUNDED       | (A/B)           | (C)                | (B-A)/C                                 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------|--------------------|-----------------------------------------|
| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | ACTUARIAL<br>ACCRUED<br>LIABILITY | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>% OF<br>COVERED<br>PAYROLL |
| 1/1/2007                       | \$ 8,758,600                    | \$ 5,993,293                      | \$ (2,765,307)                    | 146.1%          | \$ 1,272,775       | N/A                                     |
| 1/1/2009                       | 8,571,940                       | 6,693,620                         | (1,878,320)                       | 128.1%          | 1,396,824          | N/A                                     |
| 1/1/2011                       | 7,962,827                       | 7,646,242                         | (316,585)                         | 104.1%          | 1,445,033          | N/A                                     |
| 1/1/2013                       | 8,088,349                       | 8,538,521                         | 450,172                           | 94.7%           | 1,590,449          | 28.3%                                   |
| 1/1/2015                       | 9,704,677                       | 9,298,713                         | (405,964)                         | 104%            | 1,744,986          | N/A                                     |
| 1/1/2017                       | 11,364,472                      | 11,139,941                        | (224,531)                         | 102%            | 1,826,238          | N/A                                     |

**NON-UNIFORMED PENSION PLAN:**

|                                | (A)                             | (B)                               | (B-A)<br>(UAAL)<br>UNFUNDED       | (A/B)           | (C)                | (B-A)/C                                 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------|--------------------|-----------------------------------------|
| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | ACTUARIAL<br>ACCRUED<br>LIABILITY | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>% OF<br>COVERED<br>PAYROLL |
| 1/1/2007                       | \$ 2,514,327                    | \$ 2,900,158                      | \$ 385,831                        | 86.7%           | \$ 1,048,128       | 36.8%                                   |
| 1/1/2009                       | 2,924,445                       | 3,373,462                         | 449,017                           | 86.7%           | 1,073,320          | 41.8%                                   |
| 1/1/2011                       | 3,177,002                       | 4,089,886                         | 912,884                           | 77.7%           | 1,010,036          | 90.4%                                   |
| 1/1/2013                       | 3,534,176                       | 4,215,791                         | 681,615                           | 83.8%           | 1,009,453          | 67.5%                                   |
| 1/1/2015                       | 4,265,474                       | 4,487,630                         | 222,156                           | 95%             | 796,459            | 27.9%                                   |
| 1/1/2017                       | 4,784,113                       | 5,327,422                         | 543,309                           | 90%             | 828,953            | 65.5%                                   |

**SCHEDULES OF EMPLOYER'S CONTRIBUTIONS:**

| YEAR ENDED<br>DECEMBER 31 | POLICE                      |                           | NON-UNIFORM                 |                           |
|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                           | ANNUAL REQ.<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED | ANNUAL REQ.<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED |
| 2007                      | \$ -                        | N/A                       | \$ 178,083                  | 101%                      |
| 2008                      | -                           | N/A                       | 160,122                     | 106%                      |
| 2009                      | -                           | N/A                       | 161,659                     | 104%                      |
| 2010                      | 76,391                      | 19%                       | 181,338                     | 120%                      |
| 2011                      | 81,216                      | 22%                       | 179,299                     | 0%                        |
| 2012                      | 102,317                     | 0%                        | 171,367                     | 0%                        |
| 2013                      | 285,171                     | 100%                      | 250,120                     | 100%                      |
| 2014                      | 326,878                     | 44%                       | 214,749                     | 51%                       |
| 2015                      | 330,030                     | 100%                      | 200,357                     | 100%                      |
| 2016                      | 401,453                     | 129%                      | 225,974                     | 115%                      |

**BOROUGH OF MUNHALL**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2016**

**NOTE 1 - TREND INFORMATION**

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

**NOTE 2 - ACTUARIAL ASSUMPTIONS AND METHODS**

The information presented in the preceding required supplementary information section was determined as part of the actuarial valuations dated January 1, 2017. Additional information included as part of these valuations applicable to both the police and non-uniformed pension plans is as follows:

Actuarial Cost Method - Entry Age Normal

Amortization Method – Level Dollar, Open (Police) Level Dollar, Closed (Non-Uniformed)

Remaining Amortization Period – 15 years (Police) 1 Years (Non-Uniformed)

Asset Valuation Method – 4-Year Smoothing

Investment Rate of return - 7.25% per annum

Salary Increase - 5.5% (Police) and 5.0% (Non-Uniformed) per annum