
BOROUGH OF ELLWOOD CITY

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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APP'D BY COUNCIL  
9-17-18

**BOROUGH OF ELLWOOD CITY**  
LAWRENCE COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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**BOROUGH OF ELLWOOD CITY**  
**LAWRENCE COUNTY, PENNSYLVANIA**

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**BOROUGH OF ELLWOOD CITY**  
**LAWRENCE COUNTY, PENNSYLVANIA**

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**Borough Council**  
**Borough of Ellwood City**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ellwood City, Lawrence County, Pennsylvania as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express opinions 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ellwood City, Lawrence County, Pennsylvania as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

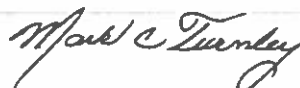
### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages iii-xx and the additional required supplementary information on pages 67-73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Ellwood City's basic financial statements. The supplementary information (Schedules 1 through 10) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Mark C. Turnley, CPA

July 26, 2018  
New Brighton, Pennsylvania

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**INTRODUCTION**

This discussion and analysis of the Borough of Ellwood City's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2017. The intent of Management's Discussion and Analysis (MD&A) is to provide readers with an appreciation for the financial status of the Borough, the challenges faced and accomplishments achieved. The reader should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2017 are as follows:

- The Borough's governmental activities net position increased \$640,654 in 2017 to \$3,622,376. Excluding the effects of prior period adjustments to net position, this represents a 21% increase.
- The Borough's Business-Type Activities (Sewer and Electric) net position decreased \$192,930 in 2017 to \$8,414,678 representing a 2% decline.
- The Borough's General Fund Balance increased \$608,057 in calendar year 2017 to a total of \$2,831,539 at December 31, 2017. This represents an increase of 27%.
- During calendar year 2017, the Borough issued General Obligation Bonds Series of 2017 in the amount of \$3,965,000. The purpose of the bond issue was to refund the outstanding portion of the remaining General Obligation Bonds Series A of 2011, and to provide funding for capital improvements to the Borough's electric department facility.

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**USING THE ANNUAL FINANCIAL REPORT (GASB 34)**

The Annual Financial Report consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Borough of Ellwood City as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Borough's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements tell how general Borough services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Borough acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The police, fire, and municipal pension funds comprise the Borough's fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition, supplementary information is provided in the form of Schedules to provide greater detail regarding the financial results of all of the Borough's individual funds. The report concludes with additional required supplementary information (RSI) related to the Borough's pension plans.

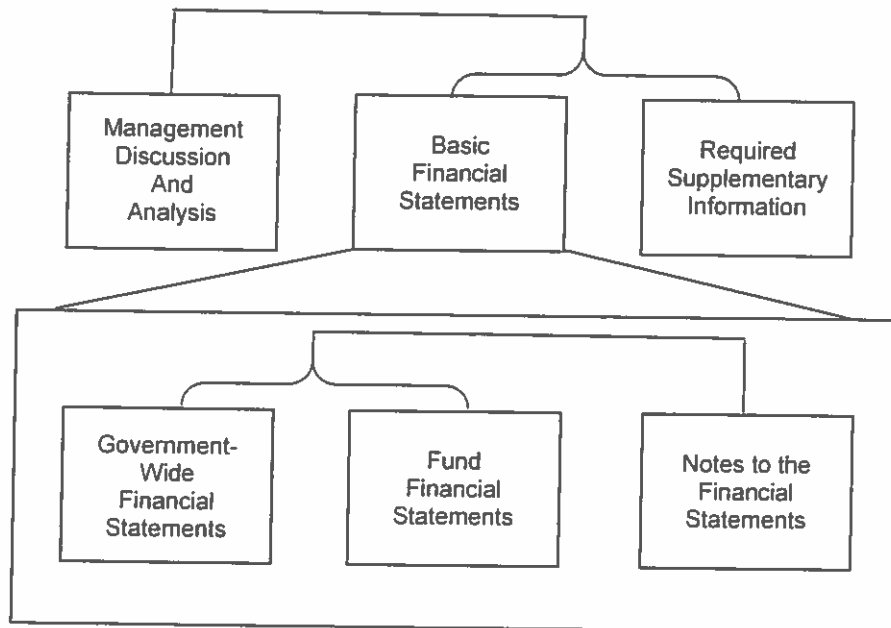


**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**USING THE ANNUAL FINANCIAL REPORT (GASB 34) (continued)**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1  
Required Components of  
Borough of Ellwood City's Financial Report**



**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**USING THE ANNUAL FINANCIAL REPORT (GASB 34) (continued)**

Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of the Borough of Ellwood City  
Government-wide and Fund Financial Statements**

|                                               | GOVERNMENT-WIDE STATEMENTS                                                           | FUND STATEMENTS                                                                                                                                                                            |                                                                                                    |
|-----------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
|                                               |                                                                                      | GOVERNMENTAL FUNDS                                                                                                                                                                         | FIDUCIARY FUNDS                                                                                    |
| <b>SCOPE</b>                                  | Entire Borough (except fiduciary funds)                                              | The activities of the Borough that are not proprietary or fiduciary, such as public safety, public works and general administration                                                        | Instances in which the Borough is the trustee or agent to someone else's resources – Pension Funds |
| <b>REQUIRED FINANCIAL STATEMENTS</b>          | Statement of net position<br>Statement of activities                                 | Balance Sheet<br>Statement of revenues, expenditures, and changes in fund balance                                                                                                          | Statement of fiduciary net position<br>Statement of changes in fiduciary net position              |
| <b>ACCOUNTING BASIS AND MEASUREMENT FOCUS</b> | Accrual accounting and economic resources focus                                      | Modified accrual accounting and current financial resources focus                                                                                                                          | Accrual accounting and economic resources focus                                                    |
| <b>TYPE OF ASSET/LIABILITY INFORMATION</b>    | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included                                                            | All assets and liabilities, both short-term and long-term                                          |
| <b>TYPE OF INFLOW-OUTFLOW INFORMATION</b>     | All revenues and expenses during year, regardless of when cash is received or paid   | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid                 |

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Borough's net position and how they have changed. Net position, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health. Over time, increases or decreases in the Borough's net position is an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base and the condition of the Borough's infrastructure (roads and sewers).

The government-wide financial statements of the Borough consist of the following category:

- Governmental activities – All of the Borough's basic services are included here, such as general administration, public safety and public works. Property and Act 511 taxes and state grants finance most of these activities.
- Business-type activities – The Borough operates a sewer fund and electric fund and charges user fees to cover the costs of operating both operations.

**FUND FINANCIAL STATEMENTS**

The Borough's fund financial statements, which begin on Page 3, provide detailed information about the most significant funds – not the Borough as a whole. The general and highway aid funds are required by state law.

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

**Governmental Funds** – Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Fiduciary Funds** – The Borough is the trustee, or fiduciary, for the police, fire, and municipal pension funds. All of the Borough's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Pages 11 and 12. We exclude these activities from the Borough's other financial statements because the Borough cannot use these assets to finance its operations.

**Enterprise Funds** – The Borough operates a sewer fund and electric fund for the benefit of the general public. The financial position of these funds, and the results of operations can be found on pages 8 and 9, as well as Schedules 7 through 10.

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE**

The Borough has presented its financial statements using the reporting model required by Government Accounting Standards Board Statement No. 34 (GASB Statement #34), "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments for several years. Comparative information from the prior year is shown as reflected below.

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

The Borough's net position on December 31, 2017 and 2016 is presented below:

Table A-1

**Summary of Statement of Net Position  
Year Ended December 31, 2017 and 2016**

|                                                   | DECEMBER 31, 2017          |                             | 2017<br>TOTAL        | -MEMO-<br>2016<br>TOTAL |
|---------------------------------------------------|----------------------------|-----------------------------|----------------------|-------------------------|
|                                                   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES |                      |                         |
| Current Assets                                    | \$ 8,962,426               | \$ 7,351,696                | \$ 16,314,122        | \$ 15,070,827           |
| Capital Assets                                    | 5,310,741                  | 17,693,087                  | 23,003,828           | 22,242,959              |
| Deferred Outflows                                 | 594,705                    | -                           | 594,705              | 229,039                 |
| <b>TOTAL ASSETS AND<br/>DEFERRED OUTFLOWS</b>     | <b>\$ 14,867,872</b>       | <b>\$ 25,044,783</b>        | <b>\$ 39,912,655</b> | <b>\$ 37,542,825</b>    |
| Current and Other Liabilities                     | 387,304                    | 1,661,426                   | 2,048,730            | 2,195,239               |
| Noncurrent Liabilities                            | 10,240,867                 | 14,968,679                  | 25,209,546           | 26,611,918              |
| Deferred Inflows                                  | 617,325                    | -                           | 617,325              | 168,617                 |
| <b>TOTAL LIABILITIES AND<br/>DEFERRED INFLOWS</b> | <b>\$ 11,245,496</b>       | <b>\$ 16,630,105</b>        | <b>\$ 27,875,601</b> | <b>\$ 28,975,774</b>    |
| Net Investment in<br>Capital Assets               | \$ 3,659,575               | \$ 4,106,486                | \$ 7,766,061         | \$ 7,297,025            |
| Unrestricted/Restricted                           | (37,199)                   | 4,308,192                   | 4,270,993            | 1,270,026               |
| <b>TOTAL NET POSITION</b>                         | <b>\$ 3,622,376</b>        | <b>\$ 8,414,678</b>         | <b>\$ 12,037,054</b> | <b>\$ 8,567,051</b>     |

The increase in current assets is mainly attributable to an increase in cash and investments from the Borough's issuance of General Obligation Bonds Series of 2017 for capital improvements to the Borough's electric department facilities, less the overall operating results of the Borough's governmental funds during calendar year 2017. The decrease in noncurrent liabilities represents the effects of the Borough continuing to pay down on its long-term debt obligations (bonds and PENNVEST notes). The increase in both deferred outflows and inflows of resources is related to the results of the Borough's updated actuarial valuation for its pension plans. Unrestricted/restricted net position increased mainly as a result of prior period adjustments made to the Borough's net position to reflect updated pension and other post-employment benefit (OPEB) valuation information in accordance with GASB Statements No. 45 and 68.

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenues are local taxes assessed to and derived from community taxpayers.

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for 2017 and 2016.

Table A-2  
Year ended December 31, 2017 and 2016  
Changes in Net Position

|                                    | <u>GOVERNMENTAL<br/>ACTIVITIES</u> | <u>BUSINESS-TYPE<br/>ACTIVITIES</u> | <u>2017<br/>TOTAL</u> | <u>2016<br/>TOTAL</u> |
|------------------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                    |                                    |                                     |                       |                       |
| <b>Program Revenues:</b>           |                                    |                                     |                       |                       |
| Charges for Services               | \$ 511,356                         | \$ 9,027,123                        | \$ 9,538,479          | \$ 9,884,213          |
| Operating Grants and Contributions | 558,318                            | -                                   | 558,318               | 577,677               |
| Capital Grants and Contributions   | 250,000                            | -                                   | 250,000               | 83,361                |
| <b>General Revenues:</b>           |                                    |                                     |                       |                       |
| Taxes                              | 3,153,051                          | -                                   | 3,153,051             | 2,844,394             |
| Investment Income                  | 50,845                             | 49,325                              | 100,170               | 149,399               |
| Cable Franchise Fees               | 72,168                             | -                                   | 72,168                | 71,424                |
| Sale of Capital Assets             | 384,776                            | 3,410                               | 388,186               | 1,625                 |
| Other Revenues                     | 25,914                             | 17,023                              | 42,937                | 24,674                |
| Transfers                          | 1,483,273                          | (1,483,273)                         | -                     | -                     |
| <b>TOTAL REVENUES</b>              | <b>\$ 6,489,701</b>                | <b>\$ 7,613,608</b>                 | <b>\$ 14,103,309</b>  | <b>\$ 13,636,767</b>  |
| <b>EXPENSES</b>                    |                                    |                                     |                       |                       |
| General Government                 | \$ 413,324                         | \$ -                                | \$ 413,324            | \$ 842,427            |
| Public Safety                      | 2,358,908                          | -                                   | 2,358,908             | 3,045,537             |
| Public works and enterprises       | 1,618,770                          | 7,806,538                           | 9,425,308             | 7,352,425             |
| Health and Sanitation              | 3,571                              | -                                   | 3,571                 | 1,752,976             |
| Culture and Recreation             | 242,607                            | -                                   | 242,607               | 388,482               |
| Conservation and development       | 356,210                            | -                                   | 356,210               | 132,807               |
| Insurance & Employee Benefits      | 258,984                            | -                                   | 258,984               | 206,390               |
| Debt Service                       | 134,586                            | -                                   | 134,586               | 199,048               |
| Refund of Prior Year Receipts      | 156,338                            | -                                   | 156,338               | -                     |
| Unallocated Depreciation           | 305,749                            | -                                   | 305,749               | -                     |
| <b>TOTAL EXPENSES</b>              | <b>\$ 5,849,047</b>                | <b>\$ 7,806,538</b>                 | <b>\$ 13,655,585</b>  | <b>\$ 13,920,092</b>  |
| <b>CHANGE IN NET POSITION</b>      | <b>\$ 640,654</b>                  | <b>\$ (192,930)</b>                 | <b>\$ 447,724</b>     | <b>\$ (283,325)</b>   |

**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2017**

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

Total governmental activities revenues of \$6,489,701 were derived primarily from property taxes representing 33.00% of the total. Other taxes made up the next largest source of revenue of 15.50%, followed by operating and capital grants at 12.5%. Table A-3 reflects the total and net cost of operating each department of the Borough.

Table A-3  
Year ended December 31, 2017 and 2016  
Governmental Activities

|                                                            | 2017                             |                                | 2016                             |                                |
|------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                            | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                                            |                                  |                                |                                  |                                |
| General Government                                         | \$ 413,324                       | \$ 344,037                     | \$ 842,427                       | \$ 553,246                     |
| Public Safety                                              | 2,358,908                        | 2,005,230                      | 3,045,537                        | 2,583,151                      |
| Health and Human Services                                  | 3,571                            | 3,571                          | 3,692                            | (114,529)                      |
| Public Works                                               | 1,618,770                        | 997,176                        | 1,622,701                        | 1,562,956                      |
| Culture and Recreation                                     | 242,607                          | 167,992                        | 388,482                          | 388,482                        |
| Conservation and Development                               | 356,210                          | 155,710                        | 132,807                          | 80,995                         |
| Insurance and Employee Benefits                            | 258,984                          | 258,984                        | 206,390                          | 206,390                        |
| Debt Service/Refunds/Depreciation                          | 596,673                          | 596,673                        | 13,142                           | 13,142                         |
| <b>TOTAL EXPENSES</b>                                      | <b>\$ 5,849,047</b>              | <b>\$ 4,529,373</b>            | <b>\$ 6,255,178</b>              | <b>\$ 5,273,833</b>            |
| <b>Less:</b>                                               |                                  |                                |                                  |                                |
| Unrestricted Grants, Subsidies                             |                                  | -                              |                                  | -                              |
| <b>TOTAL NEEDS FROM LOCAL TAXES<br/>AND OTHER REVENUES</b> |                                  | <b>\$ 4,529,373</b>            |                                  | <b>\$ 5,273,833</b>            |

Table A-4 reflects the activities of the Sewer Fund and Electric Fund, the business-type activities of the Borough for the year 2017 and 2016.

Table A-4  
Year ended December 31, 2017 and 2016  
Business-Type Activities

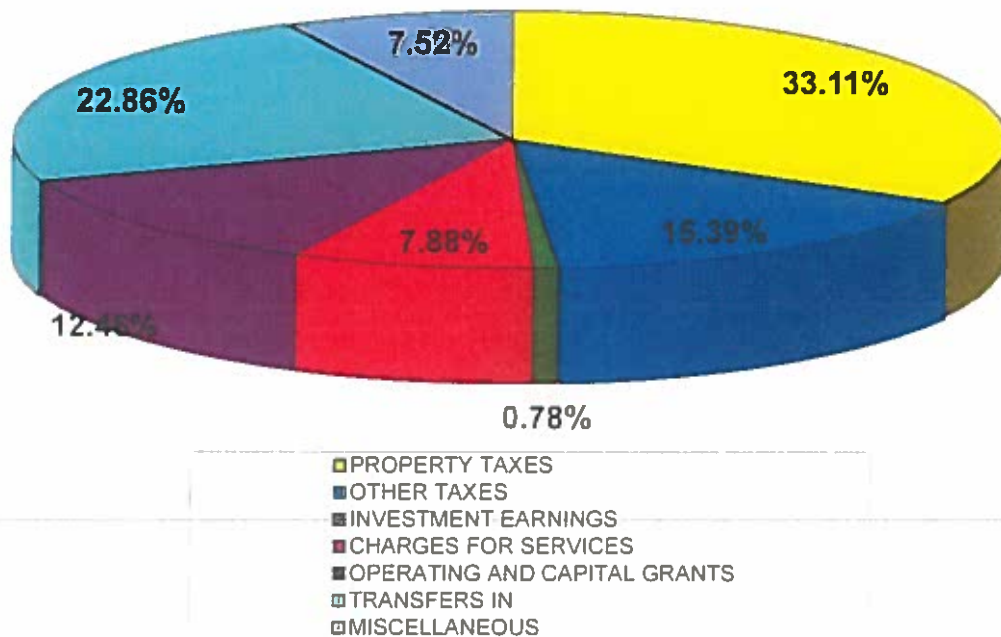
|                                                  | 2017                             |                                | 2016                             |                                |
|--------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                  | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                                  |                                  |                                |                                  |                                |
| Sewer Operations                                 | \$ 1,903,994                     | \$ (240,365)                   | \$ 1,881,619                     | \$ (263,339)                   |
| Electric Operations                              | 5,902,544                        | (980,220)                      | 5,783,295                        | (1,635,653)                    |
| Interest/Miscellaneous                           |                                  | (69,758)                       |                                  | (16,873)                       |
| Debt Service/Transfers/Refinancing Costs         |                                  | 1,483,273                      |                                  | 1,450,000                      |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME</b> |                                  | <b>\$ (192,930)</b>            |                                  | <b>\$ 465,865</b>              |

**BOROUGH OF ELLWOOD CITY  
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DECEMBER 31, 2017**

**PROGRAM REVENUE**

The following chart graphically depicts the government-wide program revenues for the fiscal year ended December 31, 2017.

**SOURCE OF REVENUES  
TOTAL REVENUES: \$6,489,701**





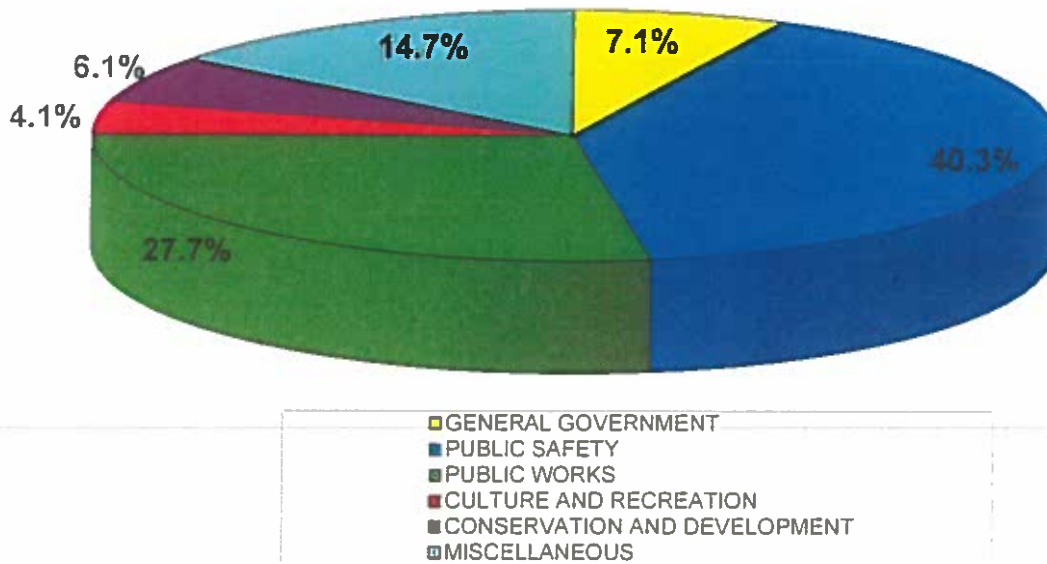
**BOROUGH OF ELLWOOD CITY  
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**PROGRAM EXPENSE**

Total expenses for all governmental activities in 2017 were \$5,849,047. The expenses reflect the delivery of a wide range of services, with the two largest areas being public safety at 39.7% and public works at 28.0%. General government expenses were 16.9% of total expenses.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2017.

**PROGRAM EXPENSES  
TOTAL EXPENSES: \$5,849,047**



**BOROUGH OF ELLWOOD CITY  
LAWRENCE COUNTY, PENNSYLVANIA  
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**THE BOROUGH FUNDS**

The following table compares the revenues, expenditures and change in fund balance of the Borough's General Fund for the years 2017 and 2016:

|                                                 | <u>2017</u>                | <u>2016</u>                |
|-------------------------------------------------|----------------------------|----------------------------|
| <b>REVENUES</b>                                 |                            |                            |
| Taxes                                           | \$ 3,177,702               | \$ 2,844,393               |
| Licenses and Permits                            | 100,163                    | 141,082                    |
| Fines and Forfeitures                           | 53,295                     | 51,305                     |
| Interest and Rents                              | 69,712                     | 134,245                    |
| Intergovernmental                               | 356,762                    | 281,634                    |
| Charges for Services                            | 375,784                    | 227,714                    |
| Miscellaneous                                   | 211,595                    | 32,721                     |
| <b>TOTAL REVENUES</b>                           | <b><u>\$ 4,345,013</u></b> | <b><u>\$ 3,713,095</u></b> |
| <b>EXPENSES</b>                                 |                            |                            |
| General Government                              | \$ 413,324                 | \$ 634,879                 |
| Public Safety                                   | 2,488,469                  | 2,425,593                  |
| Health and Human Services                       | 3,571                      | 430,204                    |
| Public Works                                    | 1,226,798                  | 1,174,409                  |
| Culture and Recreation                          | 468,964                    | 304,740                    |
| Conservation and Development                    | 352,290                    | 133,117                    |
| Insurance and Miscellaneous                     | 258,985                    | 176,349                    |
| <b>TOTAL EXPENSES</b>                           | <b><u>\$ 5,212,401</u></b> | <b><u>\$ 5,279,290</u></b> |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                            |                            |
| Operating Transfers In                          | \$ 1,450,000               | \$ 1,986,595               |
| Refund of Prior Years Receipts/Expenses         | (758)                      | -                          |
| Operating Transfers Out                         | (358,573)                  | (426,975)                  |
| Sale of Property                                | 384,776                    | 30,666                     |
| <b>TOTAL OTHER FINANCING SOURCES AND (USES)</b> | <b><u>\$ 1,475,445</u></b> | <b><u>\$ 1,590,286</u></b> |
| <b>NET CHANGE IN FUND BALANCE</b>               | <b><u>\$ 608,057</u></b>   | <b><u>\$ 24,092</u></b>    |

**BOROUGH OF ELLWOOD CITY  
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**PROPRIETARY FUND (SEWER FUND)**

The following table compares the revenues, expenses and change in net position of the Borough's Proprietary Funds for the year 2017 and 2016:

**SEWER FUND:**

|                                  | <u>2017</u>       | <u>2016</u>       |
|----------------------------------|-------------------|-------------------|
| Operating Revenues               | \$ 2,146,722      | \$ 2,144,958      |
| Operating Expenses               | (1,775,513)       | (1,749,284)       |
| <b>OPERATING INCOME (LOSS)</b>   | <b>\$ 371,209</b> | <b>\$ 395,674</b> |
| Nonoperating Revenues (Expenses) | \$ (97,086)       | \$ (124,482)      |
| <b>CHANGE IN NET POSITION</b>    | <b>\$ 274,123</b> | <b>\$ 271,192</b> |

**ELECTRIC FUND:**

|                                  | <u>2017</u>         | <u>2016</u>         |
|----------------------------------|---------------------|---------------------|
| Operating Revenues               | \$ 6,888,871        | \$ 7,335,587        |
| Operating Expenses               | (5,729,020)         | (5,729,724)         |
| <b>OPERATING INCOME (LOSS)</b>   | <b>\$ 1,159,851</b> | <b>\$ 1,605,863</b> |
| Nonoperating Revenues (Expenses) | \$ (143,631)        | \$ 38,810           |
| Transfer Out                     | (1,483,273)         | (1,450,000)         |
| <b>CHANGE IN NET POSITION</b>    | <b>\$ (467,053)</b> | <b>\$ 194,673</b>   |

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2017, the Borough had \$23,003,827 invested in capital assets, including land, infrastructure, buildings, machinery and equipment and vehicles net of depreciation. This amount represents a net increase (including additions, deletions and depreciation) of \$760,868 or approximately 3.4% from last year. The Borough had approximately \$1,750,830 in capital additions during the 2017 year which is comprised mainly of \$744,874 in construction in progress expenditures for the new public works building and the Woodside Avenue Project, \$596,372 for the purchase of a fire truck, \$209,939 for the Heritage Project (completed in 2017), and \$40,030 for the purchase of a new police vehicle.

**BOROUGH OF ELLWOOD CITY  
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**Long Term Debt**

On December 31, 2017, the Borough had \$10,600,000 in General Obligations Bonds outstanding, and \$12,090,870 in long-term debt due the Pennsylvania Infrastructure Investment Authority. Details on the Borough's Long-term indebtedness can be found in Note 10 to the financial statements.

**Pension Trust Fund**

The Borough of Ellwood City has three pension plans – police, fire, and uniform. On December 31, 2017, the assets of the plans were \$12,480,605. During calendar year 2015, the Borough implemented Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. An actuarial valuation of all three plans determined that the net pension obligation for the non-uniform, fire, and police employee pension plans was \$1,121,809, \$298,832 and \$1,724,273 respectively as of December 31, 2017.

**Borough Budgets**

The 2017 budget was a collaboration of the combined efforts of the Borough Council, the Department Heads and Administration. This budget keeps in perspective the interests and concerns of the community, as well as the fulfillment of contractual obligations of the Borough to our employees, the fulfillment of State guidelines for permitting requirements, as well as the satisfaction of municipal pension obligations and municipal debt services. The maintenance of valued municipal services is a paramount consideration in this process.

The 2017 Budget was comprised of the following: General Fund \$5,493,521, Electric Fund \$7,477,578, Sewage Fund \$2,213,991, Highway Aid Fund \$248,886, Recycling Fund \$124,600, all totaling \$15,558,516. This is an increase from the prior year's budget equal to 1.50%. The Borough's Assessed Valuation for 2017 is recorded at \$246,747,040. This is a slight decrease from 2016 by \$341,300.00 or a change of less than one percent (1%). The assessed valuation of our community has been static for many years. This budget reflects an increase of one (1) mill (.001) and continues the practice of utilizing prior year reserves in the amount of \$403,966 which is an increase of \$12,786 from the prior year's budget.

**BOROUGH OF ELLWOOD CITY  
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**Borough Budgets (Continued)**

Again, this process must be monitored so as not to impact the fiscal strength of the Borough and future budgets. To continue to address operational costs in an equitable manner, the amount of \$1,450,000 was transferred to the General Fund from the Electric Fund. This practice has been utilized for many years and we will not exceed the 2004 cap imposed by Borough Council of \$1,500,000. This process is done in order to curtail increases to real estate taxes, as well as maintain Borough operations. The millage in the Borough would be equal to 8.75 mills. Based upon information received from the office of the Chief Assessor of Lawrence County, the average residential home in the Borough is assessed at \$63,651. Based upon this assessed value, the average residential homeowner in the Borough will pay \$556.95 in 2017. The increase from 2016 will be \$63.65 or \$1.20 per week if one takes advantage of the 2% discount or \$1.22 if they wish to pay at Face.

As stated previously, the revenues comprising the general fund have remained static for several years. The 2017 General Fund budget is equal to \$5,493,521. This is an increase of 5.39% or \$281,077.

The 2017 General Fund Budget reflected the ongoing commitment of Borough Council to continue to improve upon existing resources such as roads, storm water management, services and municipal facilities. The costs of government services continue to impact upon the General Fund budget. The Borough continues to be impacted by costs associated with municipal pensions and other corresponding municipal obligations including improvements to the Electric Department and the Borough's sewer infrastructure. The Borough will also encounter increases to health care costs. As the cost of government grows, our Borough Council has maintained their focus by taking the appropriate steps to continue to provide effective services and to minimize expenses where ever possible.

In 2017 the Borough utilized the General Capital Reserve, the Highway Aid Fund as well as the Community Development Block Grant (CDBG) program to satisfy paving obligations.

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**Borough Budgets (Continued)**

In an earlier study by the Pennsylvania Economy League (PEL) it was stated in their Review and Analysis Study of the Borough, "The Borough's fairly stable but not significantly growing revenue tax base cannot be expected to bear the burden of increase in ongoing operation expenses." Notwithstanding, the Borough has maintained our commitment to the funding of long standing community assets such as our local parks. We engaged in a collaborative study with the Lawrence County Commissioners to develop a master site plan for our parks. This will benefit the Borough in our effort to obtain funding such as 1) the funding received from Department of Conservation and Natural Resources for Phase 1 development of the Pittsburgh Circle Heritage Park, and 2) grant funding from the Appalachian Regional Commission (ARC) to study a Streetscape project for Lawrence Avenue. It will also provide the plan for continued park improvements through traditional Borough efforts and resources. The Borough has a community playground program in place and this year we were able to provide free lunches for all participants and we maintained an average daily attendance of at least 45 children. This program is maintained entirely by the Borough. We continue to maintain one of two (2) public swimming pools in Lawrence County which services numerous other municipalities in Lawrence as well as Beaver Counties. The Borough also contributes to our Public Library in the amount of \$26,500 per year in an effort to maintain this vibrant community asset. The Borough also provides funding for other community resources providing recreational outreach, tourism and utility subsidy. In addition to the foregoing complimentary elements of community enrichment available to our residents and businesses as well as other communities, the Borough maintains a full time Public Works department with a compliment of ten (10) full time employees. In addition, the Borough maintains one of the few 24/7 police departments servicing the Borough. In 2017, the Borough entered into a new service agreement with the Borough of Ellport. The Borough's police force is traditionally the first to be called upon to provide assistance to a neighboring police force and to the state police when they are called. The Borough also has a paid part time fire department which means that there is a fire representative available 24/7 which traditionally results in lower premiums in fire coverage. Also, this means that our response time for emergency situations, with both fire and health are addressed faster helping to preserve property and life.

In furtherance of Borough Council's commitment to making improvements to our existing Borough resources, the Borough Council authorized a bond issue for the purchase of capital equipment and much needed improvements to Borough infrastructure.

**BOROUGH OF ELLWOOD CITY  
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**Borough Budgets (Continued)**

The need for the replacement of the facilities is warranted and the improvement to infrastructure as well as address like issues in the central business district and other areas is necessary to any future improvements. These improvements have added to the Borough debt service. The Borough debt service will increase yearly to \$350,000 or an additional \$290,000 more than present debt service. In order to address debt service requirements, as well as maintain the balances which help to safeguard the bond ratings the increase of millage was an important consideration after significant budget modifications were applied by Borough Council and the Department Heads.

The Electric Fund Budget is equal to \$7,477,518. The Borough maintains rates consistent with Borough Codified Ordinance No. 1046 and the rates for residential purposes has not been modified since 1997. The Borough also provides for a rate adjustment which is assessed to all electric customers. The Borough acquires electric from American Municipal Power (AMP) and the Borough also has other purchase supply contracts in place. In 2015 and 2016 the Borough experienced higher than usual increases in transmission and capacity charges. These charges caused the rate adjustment during the summer usage months to carry a rate adjustment which was equal, at times to over 4 cents per kilowatt hour (kWh). The transmission and capacity charges in August of 2016 decreased significantly and have caused the rate adjustment to range from 2 to 2.75 cents per kWh. This will also have an impact to the Borough Electric Fund budget. This budget will be balanced through the use of prior end of year balance. Borough Council will continue to examine those measures where costs can be controlled.

The Sewage Fund budget is equal to \$2,213,991. The Borough operates a state-of-the-art waste water treatment facility and provide services to the Borough as well as the Townships of Wayne, Lawrence County and North Sewickley and Franklin Townships in Beaver County. The Borough increased user fees in 2015 and remain the lowest of all of the communities served by the Borough Wastewater Treatment facility. In 2016 the Borough Council decided not to proceed with a hydro turbine at the WWTP facility. This was to be funded through the Sewage Collection Reserve Fund. The intent of the project was to utilize the effluent or discharge water of the facility currently discharged into the Connequenessing Creek as the means to generate power from the turbine. Although the Grant was approved the financial commitment from the Borough, the limited amount of power generated and the ultimate return on investment (in excess of 35 years) it was determined not to pursue the grant. The Borough Council is still following through with the Woodside Lift Station which will be funded through the Sewage Collection Reserve Fund. This budget will be balanced by an end of year balance.

**BOROUGH OF ELLWOOD CITY  
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DECEMBER 31, 2017**

**Borough Budgets (Continued)**

It is the mission of the Borough Managers office to make every reasonable effort to maximize the revenue potential of our revenue sources as well as effectively monitor the expenses of the Borough and to be accountable for our decisions and performance. The Borough staff and officials are committed to fulfill this challenge and to responsibly address the needs of the Borough in the most effective and efficient way possible.

The Borough's General Fund original and final budget amounts compared with amounts actually paid and received is provided on Page 7 and again in schedules 1 and 2.

**Contacting the Borough**

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Borough of Ellwood City  
525 Lawrence Avenue  
Ellwood City, PA 16117  
(724)-758-7777



**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

**EXHIBIT A**

|                                                                           | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                                                             |                            |                             |                      |
| <b>Current Assets:</b>                                                    |                            |                             |                      |
| Cash and Cash Equivalents                                                 | \$ 2,554,983               | \$ 1,576,396                | \$ 4,131,379         |
| Investments                                                               | 5,531,144                  | 4,846,335                   | 10,377,479           |
| Taxes Receivable (Net)                                                    | 430,039                    | -                           | 430,039              |
| Due From Other Governmental Units                                         | 50,000                     | -                           | 50,000               |
| Loans Receivable                                                          | 55,207                     | -                           | 55,207               |
| Utility Receivables (Net of Allowance)                                    | 11,852                     | 846,476                     | 858,328              |
| Other Accounts Receivable                                                 | 247,551                    | 79,569                      | 327,120              |
| Prepaid Expenses                                                          | 81,651                     | 2,920                       | 84,571               |
| <b>Total Current Assets</b>                                               | <b>\$ 8,962,427</b>        | <b>\$ 7,351,696</b>         | <b>\$ 16,314,123</b> |
| <b>Noncurrent Assets:</b>                                                 |                            |                             |                      |
| Land                                                                      | \$ 498,559                 | \$ -                        | \$ 498,559           |
| Land Improvements                                                         | 444,987                    | 107,951                     | 552,938              |
| Buildings and Building Improvements                                       | 5,484,291                  | 4,470,048                   | 9,954,339            |
| Sewage Treatment Plant                                                    | -                          | 18,157,679                  | 18,157,679           |
| Substation                                                                | -                          | 1,893,975                   | 1,893,975            |
| Distribution Lines                                                        | -                          | 2,921,552                   | 2,921,552            |
| Equipment                                                                 | 1,796,296                  | 4,388,810                   | 6,185,106            |
| Infrastructure                                                            | 1,387,710                  | -                           | 1,387,710            |
| Swimming Pool Facility                                                    | 1,101,228                  | -                           | 1,101,228            |
| Vehicles                                                                  | 1,864,575                  | 831,124                     | 2,695,699            |
| Work in Progress                                                          | 718,254                    | 100,553                     | 818,807              |
| Accumulated Depreciation                                                  | (7,985,160)                | (15,178,605)                | (23,163,765)         |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 5,310,740</b>        | <b>\$ 17,693,087</b>        | <b>\$ 23,003,827</b> |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 14,273,167</b>       | <b>\$ 25,044,783</b>        | <b>\$ 39,317,950</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                            |                             |                      |
| Deferred Outflows Related to Pensions                                     | \$ 594,705                 | \$ -                        | \$ 594,705           |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 594,705</b>          | <b>\$ -</b>                 | <b>\$ 594,705</b>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>                     | <b>\$ 14,867,872</b>       | <b>\$ 25,044,783</b>        | <b>\$ 39,912,655</b> |
| <b>LIABILITIES</b>                                                        |                            |                             |                      |
| <b>Current Liabilities:</b>                                               |                            |                             |                      |
| Accounts Payable                                                          | \$ 121,960                 | \$ 457,966                  | \$ 579,926           |
| Payroll Payable and Withholdings                                          | 83,823                     | 43,509                      | 127,332              |
| Vacation Payable                                                          | -                          | 36,853                      | 36,853               |
| Security Deposit Payable                                                  | -                          | 124,120                     | 124,120              |
| Accrued Interest Payable                                                  | 16,521                     | 9,257                       | 25,778               |
| Other Current Liabilities                                                 | -                          | 58,836                      | 58,836               |
| Current Portion Long-Term Debt                                            | 165,000                    | 930,885                     | 1,095,885            |
| <b>Total Current Liabilities</b>                                          | <b>\$ 387,304</b>          | <b>\$ 1,661,426</b>         | <b>\$ 2,048,730</b>  |
| <b>Noncurrent Liabilities:</b>                                            |                            |                             |                      |
| Bonds Payable - Long Term Portion (Net)                                   | \$ 6,695,000               | \$ 3,545,640                | \$ 10,240,640        |
| Notes Payable - Pennvest                                                  | -                          | 11,339,985                  | 11,339,985           |
| Net Pension Liability                                                     | 3,144,914                  | -                           | 3,144,914            |
| Net OPEB Liability                                                        | 74,264                     | -                           | 74,264               |
| Compensated Absences                                                      | 326,689                    | 83,054                      | 409,743              |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 10,240,867</b>       | <b>\$ 14,968,679</b>        | <b>\$ 25,209,546</b> |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 10,628,171</b>       | <b>\$ 16,630,105</b>        | <b>\$ 27,258,276</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                            |                             |                      |
| Deferred Inflows Related to Pensions                                      | \$ 617,325                 | \$ -                        | \$ 617,325           |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 617,325</b>          | <b>\$ -</b>                 | <b>\$ 617,325</b>    |
| <b>NET POSITION</b>                                                       |                            |                             |                      |
| Net Investment in Capital Assets                                          | \$ 3,659,575               | \$ 4,106,486                | \$ 7,766,061         |
| Restricted for Highways and Streets                                       | 119,629                    | -                           | 119,629              |
| Unrestricted (Deficit)                                                    | (156,828)                  | 4,308,192                   | 4,151,364            |
| <b>TOTAL NET POSITION</b>                                                 | <b>\$ 3,622,376</b>        | <b>\$ 8,414,678</b>         | <b>\$ 12,037,054</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 14,867,872</b>       | <b>\$ 25,044,783</b>        | <b>\$ 39,912,655</b> |

The accompanying notes are an integral part of these financial statements

**EXHIBIT B**

**BOROUGH OF ELLWOOD CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| Functions/Programs                                          | Program Revenues     |                      |                                    | Net (Expense) Revenue and Changes in Net Position |                         |                          |                       |
|-------------------------------------------------------------|----------------------|----------------------|------------------------------------|---------------------------------------------------|-------------------------|--------------------------|-----------------------|
|                                                             | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Governmental Activities | Business-Type Activities | Total                 |
| <b>Governmental Activities:</b>                             |                      |                      |                                    |                                                   |                         |                          |                       |
| General Government                                          | \$ 413,324           | \$ 69,287            | \$ -                               | \$ -                                              | \$ (344,037)            | \$ -                     | \$ (344,037)          |
| Public Safety - Police                                      | 1,872,578            | 185,980              | 92,065                             | -                                                 | (1,594,533)             | -                        | (1,594,533)           |
| Public Safety - Fire                                        | 471,046              | -                    | 58,238                             | -                                                 | (414,808)               | -                        | (414,808)             |
| Public Safety - Other                                       | 15,284               | 19,395               | -                                  | -                                                 | 4,111                   | -                        | 4,111                 |
| Health and Human Services                                   | 3,571                | -                    | -                                  | -                                                 | (3,571)                 | -                        | (3,571)               |
| Public Works - Recycling                                    | 115,380              | 120,105              | 11,632                             | -                                                 | 16,357                  | -                        | 16,357                |
| Public Works - Highways                                     | 1,488,268            | 56,786               | 394,102                            | -                                                 | (1,037,380)             | -                        | (1,037,380)           |
| Public Works - Parking                                      | 15,122               | 38,969               | -                                  | -                                                 | 23,847                  | -                        | 23,847                |
| Culture and Recreation                                      | 242,607              | 20,334               | 4,281                              | 50,000                                            | (167,992)               | -                        | (167,992)             |
| Conservation & Development                                  | 356,210              | 500                  | -                                  | 200,000                                           | (155,710)               | -                        | (155,710)             |
| Insurance & Employee Benefits                               | 258,984              | -                    | -                                  | -                                                 | (258,984)               | -                        | (258,984)             |
| Debt Service                                                | 134,586              | -                    | -                                  | -                                                 | (134,586)               | -                        | (134,586)             |
| Refund of Prior Year Receipts                               | 156,338              | -                    | -                                  | -                                                 | (156,338)               | -                        | (156,338)             |
| Unallocated Depreciation                                    | 305,749              | -                    | -                                  | -                                                 | (305,749)               | -                        | (305,749)             |
| <b>Total Governmental Activities</b>                        | <b>\$ 5,849,047</b>  | <b>\$ 511,356</b>    | <b>\$ 558,318</b>                  | <b>\$ 250,000</b>                                 | <b>\$ (4,529,373)</b>   | <b>\$ -</b>              | <b>\$ (4,529,373)</b> |
| <b>Business-Type activities:</b>                            |                      |                      |                                    |                                                   |                         |                          |                       |
| Sewer                                                       | \$ 1,903,994         | \$ 2,144,359         | \$ -                               | \$ -                                              | \$ 240,365              | \$ -                     | \$ 240,365            |
| Electric                                                    | 5,902,544            | 6,882,764            | -                                  | -                                                 | 980,220                 | -                        | 980,220               |
| <b>Total Business-Type Activities</b>                       | <b>\$ 7,806,538</b>  | <b>\$ 9,027,123</b>  | <b>\$ -</b>                        | <b>\$ -</b>                                       | <b>\$ 1,220,585</b>     | <b>\$ -</b>              | <b>\$ 1,220,585</b>   |
| <b>Total Primary Government</b>                             | <b>\$ 13,655,585</b> | <b>\$ 9,538,479</b>  | <b>\$ 558,318</b>                  | <b>\$ 250,000</b>                                 | <b>\$ (4,529,373)</b>   | <b>\$ 1,220,585</b>      | <b>\$ (3,308,788)</b> |
| <b>General Revenues:</b>                                    |                      |                      |                                    |                                                   |                         |                          |                       |
| Taxes:                                                      |                      |                      |                                    |                                                   |                         |                          |                       |
| Property Taxes, Levied for General Purposes (net)           |                      |                      |                                    |                                                   | \$ 2,148,961            | \$ -                     | \$ 2,148,961          |
| Act 511 Taxes                                               |                      |                      |                                    |                                                   | 995,884                 | -                        | 995,884               |
| Payment in Lieu of Taxes                                    |                      |                      |                                    |                                                   | 3,020                   | -                        | 3,020                 |
| Cable Franchise Fees/PURTA/Alcohol Beverage Tax             |                      |                      |                                    |                                                   | 77,354                  | -                        | 77,354                |
| Investment Earnings                                         |                      |                      |                                    |                                                   | 50,845                  | 49,325                   | 100,170               |
| Sale of Assets                                              |                      |                      |                                    |                                                   | 384,776                 | 3,410                    | 388,186               |
| Contributions and Donations                                 |                      |                      |                                    |                                                   | 11,295                  | -                        | 11,295                |
| Miscellaneous                                               |                      |                      |                                    |                                                   | 14,619                  | 17,023                   | 31,642                |
| Transfers between Governmental and Business-Type Activities |                      |                      |                                    |                                                   | 1,483,273               | (1,483,273)              | -                     |
| <b>Total General Revenues</b>                               |                      |                      |                                    |                                                   | <b>\$ 5,170,027</b>     | <b>\$ (1,413,515)</b>    | <b>\$ 3,756,512</b>   |
| <b>Change in Net Position</b>                               |                      |                      |                                    |                                                   | <b>\$ 640,654</b>       | <b>\$ (192,930)</b>      | <b>\$ 447,724</b>     |
| Net Position — January 1, 2017                              |                      |                      |                                    |                                                   | (40,557)                | 8,607,608                | 8,567,051             |
| Prior Period Adjustment                                     |                      |                      |                                    |                                                   | 3,022,279               | -                        | 3,022,279             |
| <b>Net Position — December 31, 2017</b>                     |                      |                      |                                    |                                                   | <b>\$ 3,622,376</b>     | <b>\$ 8,414,678</b>      | <b>\$ 12,037,054</b>  |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

**EXHIBIT C**

|                                   | GENERAL<br>FUND     | CAPITAL<br>PROJECT<br>FUNDS | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-----------------------------------|---------------------|-----------------------------|------------------------------------|--------------------------------|
| <b>ASSETS:</b>                    |                     |                             |                                    |                                |
| Cash and Cash Equivalents         | \$ 511,132          | \$ 2,018,974                | \$ 24,877                          | \$ 2,554,983                   |
| Investments                       | 1,870,513           | 3,253,366                   | 407,265                            | 5,531,144                      |
| Taxes Receivable (Net)            | 430,039             | -                           | -                                  | 430,039                        |
| Accounts Receivable               | 259,403             | -                           | -                                  | 259,403                        |
| Loans Receivable                  | 55,207              | -                           | -                                  | 55,207                         |
| Due from Other Governmental Units | 50,000              | -                           | -                                  | 50,000                         |
| Prepaid Expenses                  | 47,977              | -                           | -                                  | 47,977                         |
| <b>TOTAL ASSETS</b>               | <b>\$ 3,224,271</b> | <b>\$ 5,272,340</b>         | <b>\$ 432,142</b>                  | <b>\$ 8,928,753</b>            |

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

|                                                                            |                     |                     |                   |                     |
|----------------------------------------------------------------------------|---------------------|---------------------|-------------------|---------------------|
| <b>LIABILITIES:</b>                                                        |                     |                     |                   |                     |
| Accounts Payable                                                           | \$ 58,893           | \$ 63,505           | \$ 550            | \$ 122,948          |
| Payroll Payable & Withholdings                                             | 83,823              | -                   | -                 | 83,823              |
| <b>TOTAL LIABILITIES</b>                                                   | <b>\$ 142,716</b>   | <b>\$ 63,505</b>    | <b>\$ 550</b>     | <b>\$ 206,771</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                      |                     |                     |                   |                     |
| Delinquent Real Estate Taxes                                               | \$ 250,016          | -                   | -                 | \$ 250,016          |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                 | <b>\$ 250,016</b>   | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ 250,016</b>   |
| <b>FUND BALANCES:</b>                                                      |                     |                     |                   |                     |
| Nonspendable                                                               | \$ 47,977           | \$ -                | \$ -              | \$ 47,977           |
| Committed (Schedule 3)                                                     | 683,286             | -                   | -                 | 683,286             |
| Restricted:                                                                |                     |                     |                   |                     |
| Highway Aid Fund                                                           | -                   | -                   | -                 | -                   |
| Capital Project Fund                                                       | -                   | 5,208,835           | 119,629           | 5,208,835           |
| Assigned:                                                                  |                     |                     |                   |                     |
| General Fund (Schedule 3)                                                  | 376,047             | -                   | -                 | 376,047             |
| Other Non-Major Funds (Schedule 5)                                         | -                   | -                   | 311,963           | 311,963             |
| Unassigned                                                                 | 1,724,229           | -                   | -                 | 1,724,229           |
| <b>TOTAL FUND BALANCES</b>                                                 | <b>\$ 2,831,539</b> | <b>\$ 5,208,835</b> | <b>\$ 431,592</b> | <b>\$ 8,471,966</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <b>\$ 3,224,271</b> | <b>\$ 5,272,340</b> | <b>\$ 432,142</b> | <b>\$ 8,928,753</b> |

**BOROUGH OF ELLWOOD CITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

|                                                                                                                                                                                                                                                               |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                                               | <b>\$ 8,471,966</b> |
| <p>Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from amounts reported for governmental funds on the balance sheet (Exhibit C) because:</p>                                                         |                     |
| <p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$13,295,900, and the accumulated depreciation is \$7,985,160.</p>                      | 5,310,740           |
| <p>Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures (i.e., within 90 days of year-end), are deferred and not recognized as revenue in governmental funds.</p> | 250,016             |
| <p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>                                                                                                         |                     |
| <p>Deferred outflows of resources related to pensions</p>                                                                                                                                                                                                     | 594,705             |
| <p>Deferred inflows of resources related to pensions</p>                                                                                                                                                                                                      | (617,325)           |
| <p>Long term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.<br/>                     Long-term liabilities at year end consist of:</p>                                  |                     |
| <p style="padding-left: 40px;">Bonds payable - (net)</p>                                                                                                                                                                                                      | \$ 6,860,000        |
| <p style="padding-left: 40px;">Prepaid bond interest expense</p>                                                                                                                                                                                              | (34,662)            |
| <p style="padding-left: 40px;">Accrued interest</p>                                                                                                                                                                                                           | 16,521              |
| <p style="padding-left: 40px;">Net pension liability</p>                                                                                                                                                                                                      | 3,144,914           |
| <p style="padding-left: 40px;">Net OPEB liability</p>                                                                                                                                                                                                         | 74,264              |
| <p style="padding-left: 40px;">Compensated absences</p>                                                                                                                                                                                                       | 326,689             |
|                                                                                                                                                                                                                                                               | <hr/>               |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                           | <b>\$ 3,622,376</b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                          | GENERAL FUND        | CAPITAL PROJECT FUNDS | DEBT SERVICE FUND   | NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|----------------------------------------------------------|---------------------|-----------------------|---------------------|------------------------------|--------------------------|
| <b>REVENUES</b>                                          |                     |                       |                     |                              |                          |
| Taxes                                                    | \$ 3,177,702        | \$ -                  | \$ -                | \$ -                         | \$ 3,177,702             |
| Licenses and Permits                                     | 100,163             | -                     | -                   | -                            | 100,163                  |
| Fines and Forfeitures                                    | 53,295              | -                     | -                   | 2,156                        | 55,451                   |
| Interest and Rents                                       | 69,712              | 22,976                | -                   | 5,249                        | 97,937                   |
| Intergovernmental                                        | 356,762             | -                     | -                   | 269,463                      | 626,225                  |
| Charges for Services                                     | 375,784             | -                     | -                   | -                            | 375,784                  |
| Miscellaneous                                            | 211,595             | -                     | -                   | -                            | 211,595                  |
| <b>Total Revenue</b>                                     | <b>\$ 4,345,013</b> | <b>\$ 22,976</b>      | <b>\$ -</b>         | <b>\$ 276,868</b>            | <b>\$ 4,644,857</b>      |
| <b>EXPENDITURES</b>                                      |                     |                       |                     |                              |                          |
| General Government                                       | \$ 413,324          | \$ -                  | \$ -                | \$ -                         | \$ 413,324               |
| Public Safety                                            | 2,488,469           | 596,372               | -                   | 3,082                        | 3,087,923                |
| Health and Human Services                                | 3,571               | -                     | -                   | -                            | 3,571                    |
| Public Works                                             | 1,226,798           | 644,322               | -                   | 184,500                      | 2,055,620                |
| Culture and Recreation                                   | 468,964             | -                     | -                   | 27,525                       | 496,489                  |
| Conservation and Development                             | 352,290             | -                     | -                   | 3,920                        | 356,210                  |
| Debt Service                                             | -                   | -                     | 358,573             | -                            | 358,573                  |
| Insurance and Miscellaneous                              | 258,985             | -                     | -                   | -                            | 258,985                  |
| <b>Total Expenditures</b>                                | <b>\$ 5,212,401</b> | <b>\$ 1,240,694</b>   | <b>\$ 358,573</b>   | <b>\$ 219,027</b>            | <b>\$ 7,030,695</b>      |
| <b>Excess ( Deficiency) of Revenue over Expenditures</b> | <b>\$ (867,388)</b> | <b>\$ (1,217,718)</b> | <b>\$ (358,573)</b> | <b>\$ 57,841</b>             | <b>\$ (2,385,838)</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                     |                       |                     |                              |                          |
| Refund of Prior Year Expenses                            | \$ (758)            | \$ -                  | \$ -                | \$ (155,580)                 | \$ (156,338)             |
| Operating Transfers In                                   | 1,690,797           | 33,273                | 358,573             | -                            | 2,082,643                |
| Operating Transfers Out                                  | (599,370)           | -                     | -                   | -                            | (599,370)                |
| Sale of Property                                         | 384,776             | -                     | -                   | -                            | 384,776                  |
| <b>Total Other Financing Sources (Uses)</b>              | <b>\$ 1,475,445</b> | <b>\$ 33,273</b>      | <b>\$ 358,573</b>   | <b>\$ (155,580)</b>          | <b>\$ 1,711,711</b>      |
| <b>NET CHANGE IN FUND BALANCES</b>                       | <b>\$ 608,057</b>   | <b>\$ (1,184,445)</b> | <b>\$ -</b>         | <b>\$ (97,739)</b>           | <b>\$ (674,127)</b>      |
| <b>FUND BALANCE - JANUARY 1, 2017</b>                    | <b>2,497,691</b>    | <b>6,393,280</b>      | <b>-</b>            | <b>529,331</b>               | <b>9,420,302</b>         |
| Prior Period Adjustment                                  | (274,209)           | -                     | -                   | -                            | (274,209)                |
| <b>FUND BALANCE - DECEMBER 31, 2017</b>                  | <b>\$ 2,831,539</b> | <b>\$ 5,208,835</b>   | <b>\$ -</b>         | <b>\$ 431,592</b>            | <b>\$ 8,471,966</b>      |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (674,127)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,513,844) exceeds depreciation expense (\$305,749). 1,208,095

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (18,376)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 5,162

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 220,000

Bond insurance costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond as amortization expense. (1,176)

Because certain property taxes will not be collected for several months after the Borough's year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased during the calendar year 2017. (24,193)

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This is the amount by which compensated absences earned exceeded the amount paid. (74,731)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 640,654**

**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                       | Budgeted Amounts    |                     | Actual<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------------------------|---------------------|---------------------|-----------------------------|---------------------------------------------------------|
|                                                       | Original            | Final               |                             |                                                         |
| <b>REVENUES</b>                                       |                     |                     |                             |                                                         |
| Taxes                                                 | \$ 3,000,301        | \$ 3,000,301        | \$ 3,177,702                | \$ 177,401                                              |
| Licenses and Permits                                  | 84,700              | 84,700              | 100,163                     | 15,463                                                  |
| Fines and Forfeitures                                 | 44,000              | 44,000              | 53,295                      | 9,295                                                   |
| Interest and Rents                                    | 13,500              | 13,500              | 69,712                      | 56,212                                                  |
| Intergovernmental                                     | 269,632             | 269,632             | 356,762                     | 87,130                                                  |
| Charges for Services                                  | 347,022             | 347,022             | 375,784                     | 28,762                                                  |
| Miscellaneous                                         | -                   | -                   | 211,595                     | 211,595                                                 |
| <b>Total Revenues</b>                                 | <b>\$ 3,759,155</b> | <b>\$ 3,759,155</b> | <b>\$ 4,345,013</b>         | <b>\$ 585,858</b>                                       |
| <b>EXPENDITURES</b>                                   |                     |                     |                             |                                                         |
| General Government                                    | \$ 406,021          | \$ 406,021          | \$ 413,324                  | \$ (7,303)                                              |
| Public Safety                                         | 2,637,760           | 2,637,760           | 2,488,469                   | 149,291                                                 |
| Health and Human Services                             | 3,572               | 3,572               | 3,571                       | 1                                                       |
| Public Works                                          | 1,400,559           | 1,400,559           | 1,226,798                   | 173,761                                                 |
| Culture and Recreation                                | 279,624             | 279,624             | 468,964                     | (189,340)                                               |
| Conservation and Development                          | 100,365             | 100,365             | 352,290                     | (251,925)                                               |
| Insurance and Miscellaneous                           | 215,900             | 215,900             | 258,985                     | (43,085)                                                |
| <b>Total Expenditures</b>                             | <b>\$ 5,043,801</b> | <b>\$ 5,043,801</b> | <b>\$ 5,212,401</b>         | <b>\$ (168,600)</b>                                     |
| Excess ( Deficiency) of Revenues<br>over Expenditures | \$ (1,284,646)      | \$ (1,284,646)      | \$ (867,388)                | \$ 417,258                                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                     |                     |                             |                                                         |
| Refund of Prior Year Receipts                         | \$ -                | \$ -                | \$ (758)                    | \$ (758)                                                |
| Operating Transfers In                                | 1,450,000           | 1,450,000           | 1,690,797                   | 240,797                                                 |
| Operating Transfers Out                               | (483,573)           | (483,573)           | (599,370)                   | (115,797)                                               |
| Sale of Property                                      | -                   | -                   | 384,776                     | 384,776                                                 |
| Contingency                                           | (90,747)            | (90,747)            | -                           | 90,747                                                  |
| <b>Total Other Financing Sources (Uses)</b>           | <b>\$ 875,680</b>   | <b>\$ 875,680</b>   | <b>\$ 1,475,445</b>         | <b>\$ 599,765</b>                                       |
| <b>NET CHANGE IN FUND BALANCES</b>                    | <b>\$ (408,966)</b> | <b>\$ (408,966)</b> | <b>\$ 608,057</b>           | <b>\$ 1,017,023</b>                                     |
| FUND BALANCE - JANUARY 1, 2017                        | 408,966             | 408,966             | 2,497,691                   | 2,088,725                                               |
| Prior Period Adjustment                               | -                   | -                   | (274,209)                   | (274,209)                                               |
| <b>FUND BALANCE - DECEMBER 31, 2017</b>               | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 2,831,539</b>         | <b>\$ 2,831,539</b>                                     |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

|                                           | <u>SEWER FUND</u>    | <u>ELECTRIC FUND</u> | <u>TOTAL</u>         |
|-------------------------------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                             |                      |                      |                      |
| <b>Current Assets:</b>                    |                      |                      |                      |
| Cash and Cash Equivalents                 | \$ 401,292           | \$ 1,175,104         | \$ 1,576,396         |
| Investments                               | 2,070,645            | 2,775,690            | 4,846,335            |
| Utility Receivables (Net of Allowance)    | 9,429                | 130,093              | 139,522              |
| Accrued Utility Charges                   | 124,359              | 582,595              | 706,954              |
| Other Accounts Receivable                 | 61,221               | 18,348               | 79,569               |
| Prepaid Expenses                          | -                    | 2,920                | 2,920                |
| <b>Total Current Assets</b>               | <b>\$ 2,666,946</b>  | <b>\$ 4,684,750</b>  | <b>\$ 7,351,696</b>  |
| <b>Noncurrent Assets:</b>                 |                      |                      |                      |
| Land Improvements                         | \$ 107,951           | \$ -                 | \$ 107,951           |
| Buildings                                 | 3,018,774            | 1,451,274            | 4,470,048            |
| Sewage Treatment Plant                    | 18,157,679           | -                    | 18,157,679           |
| Substation                                | -                    | 1,893,975            | 1,893,975            |
| Equipment                                 | 2,267,722            | 2,121,088            | 4,388,810            |
| Vehicles                                  | 236,440              | 594,684              | 831,124              |
| Distribution Lines                        | 658,489              | 2,263,063            | 2,921,552            |
| Work in Progress                          | 100,553              | -                    | 100,553              |
| Accumulated Depreciation                  | (9,054,218)          | (6,124,387)          | (15,178,605)         |
| <b>Total Noncurrent Assets</b>            | <b>\$ 15,493,390</b> | <b>\$ 2,199,697</b>  | <b>\$ 17,693,087</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$ 18,160,336</b> | <b>\$ 6,884,447</b>  | <b>\$ 25,044,783</b> |
| <b>LIABILITIES</b>                        |                      |                      |                      |
| <b>Current Liabilities:</b>               |                      |                      |                      |
| Accounts Payable                          | \$ 41,658            | \$ 416,308           | \$ 457,966           |
| Payroll Payable                           | 21,933               | 21,576               | 43,509               |
| Vacation Payable                          | 22,764               | 14,089               | 36,853               |
| Security Deposit Payable                  | -                    | 124,120              | 124,120              |
| Accrued Interest Payable                  | -                    | 9,257                | 9,257                |
| Other Current Liabilities                 | 43,974               | 14,862               | 58,836               |
| Current Portion Long-Term Debt            | 750,885              | 180,000              | 930,885              |
| <b>Total Current Liabilities</b>          | <b>\$ 881,214</b>    | <b>\$ 780,212</b>    | <b>\$ 1,661,426</b>  |
| <b>Noncurrent Liabilities:</b>            |                      |                      |                      |
| Bonds Payable - Long term portion (Net)   | \$ -                 | \$ 3,545,640         | \$ 3,545,640         |
| Notes Payable - PENNVEST                  | 11,339,985           | -                    | 11,339,985           |
| Compensated Absences                      | 36,986               | 46,068               | 83,054               |
| <b>Total Noncurrent Liabilities</b>       | <b>\$ 11,376,971</b> | <b>\$ 3,591,708</b>  | <b>\$ 14,968,679</b> |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 12,258,185</b> | <b>\$ 4,371,920</b>  | <b>\$ 16,630,105</b> |
| <b>NET POSITION</b>                       |                      |                      |                      |
| Net Investment in Capital Assets          | \$ 3,402,520         | \$ 703,966           | \$ 4,106,486         |
| Unrestricted                              | 2,499,631            | 1,808,561            | 4,308,192            |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 5,902,151</b>  | <b>\$ 2,512,527</b>  | <b>\$ 8,414,678</b>  |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 18,160,336</b> | <b>\$ 6,884,447</b>  | <b>\$ 25,044,783</b> |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                      | SEWER<br>FUND       | ELECTRIC<br>FUND      | TOTAL                 |
|------------------------------------------------------|---------------------|-----------------------|-----------------------|
| <b><u>OPERATING REVENUES:</u></b>                    |                     |                       |                       |
| Charges for Services                                 | \$ 2,144,359        | \$ 6,882,764          | \$ 9,027,123          |
| Miscellaneous Revenue                                | 2,363               | 6,107                 | 8,470                 |
| <b>Total Operating Revenues</b>                      | <b>\$ 2,146,722</b> | <b>\$ 6,888,871</b>   | <b>\$ 9,035,593</b>   |
| <b><u>OPERATING EXPENSES:</u></b>                    |                     |                       |                       |
| Administration                                       | \$ 97,625           | \$ 95,666             | \$ 193,291            |
| Billing and Collection                               | 89,318              | 217,667               | 306,985               |
| Operations                                           | 1,047,510           | 5,215,075             | 6,262,585             |
| Depreciation                                         | 541,060             | 200,612               | 741,672               |
| <b>Total Operating Expenses</b>                      | <b>\$ 1,775,513</b> | <b>\$ 5,729,020</b>   | <b>\$ 7,504,533</b>   |
| <b>TOTAL OPERATING INCOME &lt;LOSS&gt;</b>           | <b>\$ 371,209</b>   | <b>\$ 1,159,851</b>   | <b>\$ 1,531,060</b>   |
| <b><u>NON-OPERATING REVENUE &lt;EXPENSE&gt;:</u></b> |                     |                       |                       |
| Interest and Rent Income                             | \$ 22,942           | \$ 26,983             | \$ 49,925             |
| Sale of Assets                                       | 500                 | 2,910                 | 3,410                 |
| Refund of Prior Year Expenses                        | 7,953               | -                     | 7,953                 |
| Refund of Prior Year Receipts                        | (3,539)             | (3,317)               | (6,856)               |
| Bond Issue and Other Refinancing Costs               | -                   | (94,481)              | (94,481)              |
| Interest Expense                                     | (124,942)           | (75,726)              | (200,668)             |
| <b>TOTAL NON-OPERATING REVENUE &lt;EXPENSE&gt;</b>   | <b>\$ (97,086)</b>  | <b>\$ (143,631)</b>   | <b>\$ (240,717)</b>   |
| <b>INCOME &lt;LOSS&gt; BEFORE TRANSFERS</b>          | <b>\$ 274,123</b>   | <b>\$ 1,016,220</b>   | <b>\$ 1,290,343</b>   |
| <b><u>TRANSFERS:</u></b>                             |                     |                       |                       |
| Transfer to General Fund                             | \$ -                | \$ (1,450,000)        | \$ (1,450,000)        |
| Transfer to Capital Project Fund                     | -                   | (33,273)              | (33,273)              |
| <b>TOTAL TRANSFERS</b>                               | <b>\$ -</b>         | <b>\$ (1,483,273)</b> | <b>\$ (1,483,273)</b> |
| <b>CHANGES IN NET POSITION</b>                       | <b>\$ 274,123</b>   | <b>\$ (467,053)</b>   | <b>\$ (192,930)</b>   |
| <b>NET POSITION - JANUARY 1, 2017</b>                | <b>5,628,028</b>    | <b>2,979,580</b>      | <b>8,607,608</b>      |
| <b>NET POSITION - DECEMBER 31, 2017</b>              | <b>\$ 5,902,151</b> | <b>\$ 2,512,527</b>   | <b>\$ 8,414,678</b>   |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                                                                              | SEWER<br>FUND         | ELECTRIC<br>FUND      |
|--------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                                                          |                       |                       |
| Cash received from user charges                                                                              | \$ 2,108,715          | \$ 6,820,827          |
| Cash paid to employees for wages and benefits                                                                | (526,576)             | (757,222)             |
| Cash paid to vendors for goods and services                                                                  | (635,851)             | (4,702,320)           |
| <b>Net cash provided (used) by operating activities</b>                                                      | <b>\$ 946,288</b>     | <b>\$ 1,361,285</b>   |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:</u></b>                                      |                       |                       |
| Bond Proceeds                                                                                                | \$ -                  | \$ 3,965,000          |
| Capital construction and purchases                                                                           | (217,435)             | (8,216)               |
| Bond and note principal payments                                                                             | (743,416)             | (1,685,000)           |
| Interest paid on bonds                                                                                       | (124,942)             | (86,695)              |
| Sale of capital assets                                                                                       | 500                   | 2,910                 |
| <b>Net cash provided (used) by capital and related financing activities</b>                                  | <b>\$ (1,085,293)</b> | <b>\$ 2,187,999</b>   |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>                                                          |                       |                       |
| Interest income                                                                                              | \$ 22,942             | \$ 26,983             |
| Purchase of Investments                                                                                      | (272,848)             | (1,750,103)           |
| <b>Net cash provided (used) by investing activities</b>                                                      | <b>\$ (249,906)</b>   | <b>\$ (1,723,120)</b> |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>                                              |                       |                       |
| Other income (expense)                                                                                       | \$ 4,414              | \$ (10,115)           |
| Interfund transfers                                                                                          | -                     | (1,483,273)           |
| <b>Net cash provided (used) by non-capital financing activities</b>                                          | <b>\$ 4,414</b>       | <b>\$ (1,493,388)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                                  | (384,497)             | 332,776               |
| <b>Cash and cash equivalents - January 1, 2017</b>                                                           | 785,789               | 842,328               |
| <b>Cash and cash equivalents - December 31, 2017</b>                                                         | <b>\$ 401,292</b>     | <b>\$ 1,175,104</b>   |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b> |                       |                       |
| Operating Income (Loss)                                                                                      | \$ 371,209            | \$ 1,159,851          |
| Adjustments to reconcile excess revenues over expenditures provided by (used in) operating activities:       |                       |                       |
| Depreciation                                                                                                 | 541,060               | 200,612               |
| Changes in assets and liabilities:                                                                           |                       |                       |
| (Increase) decrease in utility receivables                                                                   | (2,680)               | (62,597)              |
| (Increase) decrease in other receivables                                                                     | (33,788)              | -                     |
| (Increase) decrease in prepaid expenses                                                                      | -                     | (2,920)               |
| Increase (decrease) in accounts payable                                                                      | 50,977                | 60,660                |
| Increase (decrease) in payroll payable                                                                       | 10,340                | 2,594                 |
| Increase (decrease) in compensated absences                                                                  | 9,170                 | 3,085                 |
| <b>Net cash provided (used) by operating activities</b>                                                      | <b>\$ 946,288</b>     | <b>\$ 1,361,285</b>   |

The accompanying notes are an integral part of these financial statements

BOROUGH OF ELLWOOD CITY  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2017

|                                           | <u>POLICE<br/>PENSION<br/>FUND</u> | <u>FIREMENS<br/>PENSION<br/>FUND</u> | <u>MUNICIPAL<br/>PENSION<br/>FUND</u> | <u>TOTAL</u>         |
|-------------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|----------------------|
| <b>ASSETS</b>                             |                                    |                                      |                                       |                      |
| Investments:                              |                                    |                                      |                                       |                      |
| Equity Securities                         | \$ 3,916,252                       | \$ 118,712                           | \$ 2,180,323                          | \$ 6,215,287         |
| Fixed Income Securities                   | 2,313,546                          | 70,130                               | 1,288,037                             | 3,671,713            |
| Mutual Funds                              | 1,542,146                          | 112,556                              | 938,949                               | 2,593,651            |
| <b>TOTAL ASSETS</b>                       | <u>\$ 7,771,944</u>                | <u>\$ 301,398</u>                    | <u>\$ 4,407,309</u>                   | <u>\$ 12,480,651</u> |
| <b>LIABILITIES AND NET POSITION</b>       |                                    |                                      |                                       |                      |
| <b>LIABILITIES</b>                        |                                    |                                      |                                       |                      |
| Other Current Liabilities                 | -                                  | -                                    | -                                     | -                    |
| <b>TOTAL LIABILITIES</b>                  | <u>\$ -</u>                        | <u>\$ -</u>                          | <u>\$ -</u>                           | <u>\$ -</u>          |
| <b>NET POSITION</b>                       |                                    |                                      |                                       |                      |
| Restricted for Pension Benefits           | \$ 7,771,944                       | \$ 301,398                           | \$ 4,407,309                          | \$ 12,480,651        |
| <b>TOTAL NET POSITION</b>                 | <u>\$ 7,771,944</u>                | <u>\$ 301,398</u>                    | <u>\$ 4,407,309</u>                   | <u>\$ 12,480,651</u> |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u>\$ 7,771,944</u>                | <u>\$ 301,398</u>                    | <u>\$ 4,407,309</u>                   | <u>\$ 12,480,651</u> |

The accompanying notes are an integral part of these financial statements

BOROUGH OF ELLWOOD CITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                                         | <u>POLICE<br/>PENSION<br/>FUND</u> | <u>FIREMENS<br/>PENSION<br/>FUND</u> | <u>MUNICIPAL<br/>PENSION<br/>FUND</u> | <u>TOTAL</u>         |
|-----------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|----------------------|
| <b>ADDITIONS</b>                        |                                    |                                      |                                       |                      |
| Interest/Dividends                      | \$ 150,694                         | \$ 5,764                             | \$ 89,596                             | \$ 246,054           |
| Realized and Unrealized Gains/(Losses)  | 751,292                            | 27,579                               | 446,614                               | 1,225,485            |
| Employee Contributions                  | 30,515                             | 2,953                                | 15,499                                | 48,967               |
| Employer Contributions                  | 488,064                            | 35,390                               | 167,678                               | 691,132              |
| <b>TOTAL ADDITIONS</b>                  | <b>\$ 1,420,565</b>                | <b>\$ 71,686</b>                     | <b>\$ 719,387</b>                     | <b>\$ 2,211,638</b>  |
| <b>DEDUCTIONS</b>                       |                                    |                                      |                                       |                      |
| Benefit Payments                        | \$ 421,391                         | \$ 66,006                            | \$ 335,857                            | \$ 823,254           |
| Administrative Expenses                 | 47,291                             | 10,835                               | 37,529                                | 95,655               |
| <b>TOTAL DEDUCTIONS</b>                 | <b>\$ 468,682</b>                  | <b>\$ 76,841</b>                     | <b>\$ 373,386</b>                     | <b>\$ 918,909</b>    |
| <b>CHANGES IN NET POSITION</b>          | <b>\$ 951,883</b>                  | <b>\$ (5,155)</b>                    | <b>\$ 346,001</b>                     | <b>\$ 1,292,729</b>  |
| <b>NET POSITION - JANUARY 1, 2017</b>   | <b>6,820,061</b>                   | <b>306,553</b>                       | <b>4,061,308</b>                      | <b>11,187,922</b>    |
| <b>NET POSITION - DECEMBER 31, 2017</b> | <b>\$ 7,771,944</b>                | <b>\$ 301,398</b>                    | <b>\$ 4,407,309</b>                   | <b>\$ 12,480,651</b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

The Borough of Ellwood City 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), sewer and electric services to residential and commercial customers, conservation and development, 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 financial statements of the Borough of Ellwood City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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 Ellwood City 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 Ellwood City has no component units.

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibits D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the Borough's business-type activities (sewage fund operations) and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Borough allocates the following program revenues under the column 'charges for services' to each functional disbursement category as follows:

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

- General Government – Licenses and permits, rents, lien letters, and miscellaneous sales of reports and maps, secretarial services
- Public Safety (Police) – Fines and forfeitures, police services, parking meter revenue
- Public Safety (Fire) – Fire protection services
- Public Safety (Other) – Licenses and permits, mechanical device fees
- Public Works (Highways) – Street permits, snow removal contract fees and other public works charges for services
- Public Works (Parking) – Street meters and parking permits
- Culture and Recreation – Park and shelter rental fees and concession stand revenue

Revenues which are not classified as program revenues are presented as general revenues of the Borough. General revenue consists mainly of taxes, cable franchise fees, unrestricted grants, and other miscellaneous receipts not earmarked for a specific function. The comparison of direct disbursements with program receipts identifies the extent to which the business-type activity or government function is self-financing or draws from the general receipts of the Borough.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the Borough. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the Borough's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. Each major fund is presented in a separate column. In Exhibit C, non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the source (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the Borough finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**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 are classified into three categories: governmental, proprietary 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 major and non-major governmental funds:

**MAJOR 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, charges for services, transfers from the Borough's Electric Fund, 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. As detailed in Schedule 3 and 4, the General Fund includes the activities of the following accounts:

- General Operating Fund
- Police Canine Fund
- Police Youth Fund
- L&N Property Fund
- Recycling Program Fund
- General Capital Reserve Fund
- Economic Development Fund
- Revolving Loan Fund
- Pittsburgh Circle Heritage Fund
- Park Improvement Fund

**CAPITAL PROJECT FUND (CAPITAL PROJECT)** – Established by Borough Council to account for the proceeds from the Borough's General Obligation Bond issues earmarked for capital projects within the Borough.

**NON-MAJOR GOVERNMENTAL FUNDS:**

**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.

**DRUG INVESTIGATION FUND (SPECIAL REVENUE)** - Established to account for forfeited drug monies.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**FUND ACCOUNTING (Continued)**

**NON-MAJOR GOVERNMENTAL FUNDS: (Continued)**

**MARCELLUS SHALE FUND** (SPECIAL REVENUE) - Established to account for gas well impact fees received from the Commonwealth of Pennsylvania.

**ANIMAL GUARDIAN FUND** (SPECIAL REVENUE) - Established to account for donations from private sources to assist in defraying the Borough's animal control costs.

**SUMMER FOOD PROGRAM FUND** (SPECIAL REVENUE) - Established to account for summer food program revenues received from the Commonwealth of Pennsylvania.

**KEYSTONE COMMUNITY GRANT FUND** (SPECIAL REVENUE) - Established to account for Keystone Community Grant monies received from the Commonwealth of Pennsylvania.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the Borough (internal service funds). The Electric and Sewer Funds are the two proprietary (enterprise) funds maintained by the Borough. Based on the criteria for determining major funds as set forth in GASB Statement No. 34, the Borough's proprietary funds are considered major funds.

**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 three pension trust funds (police, fire, and municipal). The Borough does not maintain any other type of fiduciary fund.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Business-type activities in the government-wide financial statements and proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental activities in the government-wide financial statements and government funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenue for business-type activities resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Borough, available means expected to be received within sixty days of fiscal year-end.



**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

Revenue resulting from non-exchange transactions, in which the Borough receives value without directly giving equal value in return, includes property taxes, grants and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' (as previously defined) before it can be recognized.

The management of the Borough of Ellwood City has determined that the revenues most susceptible to accrual at December 31, 2017 are 1) current and delinquent real estate taxes collected within 60 days of calendar year-end 2) certain taxpayer assessed Act 511 taxes (earned income and deed transfer), 3) recycling fee revenues billed to the Borough residents and collected subsequent to December 31, 2017, and 4) other miscellaneous revenues estimable and available to the Borough for 2017 but not as yet collected at December 31, 2017. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2017 are those for which the Borough's intention was to expense these items as budgeted for in the 2017 official budget, and for which the Borough has incurred an obligation during 2017 but has not paid as of December 31, 2017.

Allocations of costs such as depreciation expense, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**ESTIMATES**

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

**BUDGETS**

In December of 2016, the Borough of Ellwood City adopted its 2017 annual budget for its General Fund totaling \$5,618,121 (General Operating Fund and Recycling Fund combined) in accordance with the provisions of the Commonwealth of Pennsylvania Borough Code. The budget is prepared utilizing the modified accrual method of accounting in accordance with generally accepted accounting principles. Budgetary transfers among various expenditure line items are performed as approved by Borough Council. The adjusted budgetary amounts, if any, are reflected in these financial statements (Exhibit G). General Fund expenditures and other financing uses exceeded budgeted expenditures for calendar year 2017. All appropriations lapse at the end of each calendar year.

Although not required by Commonwealth Law, the Borough also adopts budgets for other Borough Funds including its Highway Aid (Liquid Fuels) Fund, Capital Project Fund, and Sewer and Electric Utility Funds.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**CASH AND CASH EQUIVALENTS**

For purposes of the accompanying financial statements, cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

**INVESTMENTS**

Provisions of the Borough Code authorize the following investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

In addition to certificate of deposits meeting the maturity term criteria for classification as investments, Governmental and proprietary fund type investments also include funds pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Fiduciary fund type investments include equity securities, fixed income securities, and mutual funds invested by the Borough's designated asset manager – CS McKee through the Huntington Trust. Investments are recorded at fair value.

**RECEIVABLES**

Utility (sewage, electric and recycling) receivables are reflected at net realizable value as of December 31, 2017. The Borough maintains an allowance for un-collectable accounts for its sewer and electric utilities of \$23,539 and \$16,436 respectively based on management's estimate of past collection experience.

**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 governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets are reported as part of governmental activities on the government-wide statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The Borough maintains a tiered capitalization dollar threshold with a minimum of \$5,000. The cost of infrastructure is included in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <u>CATEGORY</u>                    | <u>USEFUL<br/>LIFE</u> |
|------------------------------------|------------------------|
| Buildings                          | 20-50 years            |
| Sewer Lines                        | 40 years               |
| Improvements, other than Buildings | 10-20 years            |
| Machinery and Equipment            | 5-20 years             |
| Vehicles                           | 5-7 years              |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**COMPENSATED ABSENCES**

The Borough reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Unused vacation, sick and personal days for Borough employees are accrued at their respective hourly rates of pay in accordance with the Borough's various collective bargaining agreements and employment contracts. The entire compensated absences liability of \$409,743 is shown as a long-term liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)**

However, the non-current portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the fiscal year-end, are considered to be paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The Borough's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Borough of Ellwood City, these revenues are sewer and electric usage charges and other miscellaneous revenues directly related to the operations of the Borough's Sewer and Electric Funds. Operating expenses are the necessary costs incurred to operate the Borough's sewer and electric systems. Non-operating revenues of the Boroughs Sewer and Electric Funds consist of investment earnings and rental income. Non-operating expenses consist of refund of prior year receipts, interest expense and issuance costs related to the Borough's bond and loan obligations.

**UNEARNED REVENUE**

Unearned revenue arises when the Borough receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Borough has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental or proprietary fund financial statements in the year paid. During the 2017 calendar year, the Borough paid \$94,481 in bond issuance costs related to the General Obligation Bonds, Series of 2017.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy Borough obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**NET POSITION**

- Restricted Net Position –This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted net position represents the balance of funds in the Borough's Highway Aid Fund restricted under Act 655 of the Commonwealth of Pennsylvania.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as an outflow and/or inflow of resources (expenses/expenditure or income/revenue) in the current period.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance represents 1) the balance of funds in the Borough's Highway Aid Fund restricted under Act 655 of the Commonwealth of Pennsylvania, and 2) the balance of funds in the Capital Project Fund from the Borough's General Obligation Bond issue Series of 2016.
- Committed fund balance – amount constrained to specific purposes by the Borough itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the Borough intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance amounts are detailed in Schedule 3 and 5.
- Unassigned fund balance – amount that are available for any purpose.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

The Borough of Ellwood City establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Council has given authority to the Borough Manager to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Borough's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the Borough's 2017 financial statements where applicable. Except where noted, the adoption of these pronouncements did not have a significant impact on the Borough's financial statements.

GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The primary objective of this Statement is to address reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces Statement No. 43. Currently, the Borough does not offer any postemployment benefits that require reporting under GASB 74.

GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units- an amendment of GASB Statement No. 14*". The primary objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

In March of 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreement*". The primary objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB issued Statement No. 82, "*Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*". The primary objective of this Statement is to address certain issues that have been raised with respect to GASB Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*"

**PENDING GASB PRONOUNCEMENTS**

In June of 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to address reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45. The provisions of this Statement are effective for the Borough's December 31, 2018 financial statements.

In November of 2016, the GASB issued Statement No. 83, "*Certain Asset Retirement Obligations*". The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**PENDING GASB PRONOUNCEMENTS (Continued)**

In January of 2017, the GASB issued Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

In March of 2017, the GASB issued Statement No. 85, '*Omnibus 2017*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this Statement are effective for the Borough's December 31, 2018 financial statements.

In May of 2017, the GASB issued Statement No. 86, '*Certain Debt Extinguishment Issues*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information. The provisions of this Statement are effective for the Borough's December 31, 2018 financial statements.

In June of 2017, the GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

The effects of implementing the aforementioned GASB Statements on the Borough's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

The following provides a reconciliation between the Borough's December 31, 2017 demand deposit account bank balances and the cash and cash equivalent balances in the financial statements:

|                                                           |                                   |
|-----------------------------------------------------------|-----------------------------------|
| Demand Deposit Bank Balance 12/31/2017                    | \$ 4,495,997                      |
| <b>Reconciling Items:</b>                                 |                                   |
| Deposits in Transit                                       | 4,440                             |
| Outstanding Checks/Transfers                              | (371,123)                         |
| Petty Cash                                                | 2,065                             |
| <b>Cash and Cash Equivalents per Financial Statements</b> | <b><u><u>\$ 4,131,379</u></u></b> |

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**CASH DEPOSITS (Continued)**

**Cash and Cash Equivalents (by Fund) per Financial Statements:**

|                       |                    |
|-----------------------|--------------------|
| General Fund          | \$ 511,132         |
| Capital Project Funds | 2,018,974          |
| Non-Major Funds       | 24,877             |
| Sewer Fund            | 401,292            |
| Electric Fund         | 1,175,104          |
|                       | <u>\$4,131,379</u> |

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. At December 31, 2017, the Borough had certificate of deposit investments totaling \$5,516,622. This amount is shown as part of investments due to the maturity terms of the individual 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, 2017, \$9,762,619 of the combined demand deposit bank balance and certificate of deposit totals, 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.

**INVESTMENTS:**

The fair value and maturity term of the Borough's investments as of December 31, 2017 is as follows:

|                            | <u>Fair Value</u>   | <u>No Stated<br/>Maturity</u> | <u>8-15 Months</u>  |
|----------------------------|---------------------|-------------------------------|---------------------|
| <b>Governmental Funds:</b> |                     |                               |                     |
| PLGIT                      | \$ 2,000,299        | \$ 2,000,299                  | \$ -                |
| Certificates of Deposit    | 3,530,845           | -                             | 3,530,845           |
|                            | <u>\$ 5,531,144</u> | <u>\$ 2,000,299</u>           | <u>\$ 3,530,845</u> |
| <b>Proprietary Funds:</b>  |                     |                               |                     |
| PLGIT                      | \$ 2,860,558        | \$ 2,860,558                  | \$ -                |
| Certificates of Deposit    | 1,985,777           | -                             | 1,985,777           |
|                            | <u>\$ 4,846,335</u> | <u>\$ 2,860,558</u>           | <u>\$ 1,985,777</u> |



**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**INVESTMENTS (Continued)**

|                         | <u>Fair Value</u>    | <u>No Stated<br/>Maturity</u> | <u>1-5 Years</u>    | <u>6-10 Years</u> | <u>11-33 Years</u>  |
|-------------------------|----------------------|-------------------------------|---------------------|-------------------|---------------------|
| <b>Fiduciary Funds:</b> |                      |                               |                     |                   |                     |
| Equity Securities       | \$ 6,215,287         | \$ 6,215,287                  | \$ -                | \$ -              | \$ -                |
| Fixed Income Securities | 3,671,713            | -                             | 1,715,327           | 889,373           | 1,067,013           |
| Mutual Funds            | 2,593,651            | 2,593,651                     | -                   | -                 | -                   |
|                         | <u>\$ 12,480,651</u> | <u>\$ 8,808,938</u>           | <u>\$ 1,715,327</u> | <u>\$ 889,373</u> | <u>\$ 1,067,013</u> |

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. These funds are rated by a nationally recognized statistical rating organization.

**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 fiduciary fund investments in equity securities and mutual funds, and governmental and proprietary fund investments in PLGIT, 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.

**Interest Rate Risk:**

The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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, in addition to the requirements of the Borough Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of December 31, 2017, PLGIT was rated AAAm by the Standards & Poors nationally recognized statistical rating organization. Ratings were unavailable for the Borough's fixed income securities at December 31, 2017.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**INVESTMENTS (Continued)**

**Fair Value Measurements:**

The Borough of Ellwood City's 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. 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:

|                         | Value<br>at 12/31/2017 | Fair Value Measurements |             |             |
|-------------------------|------------------------|-------------------------|-------------|-------------|
|                         |                        | Level 1                 | Level 2     | Level 3     |
| Equity Securities       | \$ 6,215,287           | \$ 6,215,287            | \$ -        | \$ -        |
| Fixed Income Securities | 3,671,713              | 3,671,713               | -           | -           |
| Mutual Funds            | 2,593,651              | 2,593,651               | -           | -           |
|                         | <u>\$ 12,480,651</u>   | <u>\$ 12,480,651</u>    | <u>\$ -</u> | <u>\$ -</u> |

Investments held in external investment pools such as PLGIT, and certificates of deposit, are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**NOTE 3 - PROPERTY TAXES**

The Borough of Ellwood City levies property taxes March 1st of each calendar year. The calendar dates for payment of these taxes is as follows:

**PAYMENT PERIOD**

|                        |                   |
|------------------------|-------------------|
| March 1 – May 31, 2017 | (Discount period) |
| June 1 – June 30, 2017 | (Face period)     |
| July 1 and after       | (Penalty period)  |

The tax millage assessment for the 2017 calendar year is 8.75 mills on the assessed value of land and buildings, which represents \$8.75 of revenue for every \$1,000 of assessed value. Taxpayers are entitled to a 2% discount if taxes are paid prior to June 1st. Collections after June 30th are assessed a 10% penalty.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes unpaid as of December of the year following levy are liened and collected through the Lawrence County Tax Claim Bureau. As of December 31, 2017, \$134,200 of 2017 real estate taxes are unpaid which represents 6.2% of the total assessed property taxes for 2017.

For purposes of the governmental fund financial statements, a portion of the above property taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount of \$250,016 is equally off-set as a credit to 'deferred inflows of resources' in the fund financial statements (Exhibit C).

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position and the changes in fund balances to the changes in net position. Taxes receivable are comprised of the following at December 31, 2017:

|                        |                   |
|------------------------|-------------------|
| Delinquent real estate | \$ 254,290        |
| Current real estate    | 21,736            |
| Real estate transfer   | 7,956             |
| Per capita             | 124               |
| Earned income tax      | 145,933           |
|                        | <u>\$ 430,039</u> |

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable, as reflected in Exhibits A and C, consist of the following at December 31, 2017:

|                                  | <u>Governmental</u> | <u>Business-Type</u> |
|----------------------------------|---------------------|----------------------|
| Cable franchise fees             | \$ 6,068            | \$ -                 |
| Police services/accident reports | 9,664               | -                    |
| Snow removal                     | 2,098               | -                    |
| Municipal fines                  | 1,493               | -                    |
| Miscellaneous/sewer service fees | 9,229               | -                    |
| L&N Fund - Demolition Proceeds   | 19,000              | -                    |
| L&N Fund - Hoyt Foundation       | 200,000             | -                    |
| Utility Receivables              | 1,990               | 139,522              |
| Accrued Utility Billings         | 9,861               | 706,954              |
|                                  | <u>\$ 259,403</u>   | <u>\$ 846,476</u>    |

**NOTE 5 – LOANS RECEIVABLE**

Loans receivable of \$55,207, as reflected in Exhibits A and C, represents the remaining loan balances from two participants of the Borough's Revolving Loan Program at December 31, 2017.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6 – DUE FROM OTHER GOVERNMENTS**

Due from other governments of \$50,000, as reflected in Exhibits A and C, represents the remaining grant payment due the Borough as of December 31, 2017 from the Pennsylvania Department of Conservation and Natural Resources (DCNR) for Phase 1 development costs for the Pittsburgh Circle Heritage Park.

**NOTE 7 – ANALYSIS OF INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2017 were comprised of the following amounts:

|                       | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| General Fund          | \$ 1,450,000        | \$ 358,573           |
| Capital Project Funds | 33,273              | -                    |
| Debt Service Fund     | 358,573             | -                    |
| Proprietary Funds     | -                   | 1,483,273            |
|                       | <u>\$ 1,841,846</u> | <u>\$ 1,841,846</u>  |

During calendar year 2017, the Electric Fund transferred \$1,450,000 to the General Fund for the purpose of curtailing property tax increases and to maintain Borough general operations. In addition, the Electric Fund transferred \$33,273 to the Capital project Fund as reimbursed for planned Electric Department Facility improvements. The General Fund transferred \$358,573 to the Debt Service Fund to pay the principal and interest due on the Borough's General Obligation Bond Issue Series of 2016

**NOTE 8 - CAPITAL ASSETS**

**GOVERNMENTAL ACTIVITIES**

A summary of the governmental fixed asset activity for the 2017 calendar year was as follows:

|                                                    | <u>Balance</u><br><u>1/1/2017</u> | <u>Additions</u>           | <u>Deletions</u>         | <u>Balance</u><br><u>12/31/2017</u> |
|----------------------------------------------------|-----------------------------------|----------------------------|--------------------------|-------------------------------------|
| Land                                               | \$ 498,559                        | \$ -                       | \$ -                     | \$ 498,559                          |
| Site Improvements                                  | 235,048                           | 209,939                    | -                        | 444,987                             |
| Buildings and Improvements                         | 5,477,528                         | 6,763                      | -                        | 5,484,291                           |
| Furniture and Equipment                            | 1,778,128                         | 18,168                     | -                        | 1,796,296                           |
| Infrastructure                                     | 1,387,710                         | -                          | -                        | 1,387,710                           |
| Swimming Pool Facility                             | 1,094,517                         | 6,711                      | -                        | 1,101,228                           |
| Vehicles                                           | 1,228,172                         | 636,403                    | -                        | 1,864,575                           |
| Work in Progress                                   | 82,394                            | 644,321                    | (8,461)                  | 718,254                             |
|                                                    | <u>\$ 11,782,056</u>              | <u>\$ 1,522,305</u>        | <u>\$ (8,461)</u>        | <u>\$ 13,295,900</u>                |
| Less: Accumulated depreciation                     | (7,679,411)                       | (305,749)                  | -                        | (7,985,160)                         |
| <b>Governmental Activities Capital Assets, Net</b> | <u><b>\$ 4,102,645</b></u>        | <u><b>\$ 1,216,556</b></u> | <u><b>\$ (8,461)</b></u> | <u><b>\$ 5,310,740</b></u>          |

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 8 - CAPITAL ASSETS**

**GOVERNMENTAL ACTIVITIES** (Continued)

Depreciation expense for calendar year 2017 totaled \$305,749. This amount is reflected as an unallocated expense in the statement of activities.

**BUSINESS-TYPE ACTIVITIES**

A summary of the business-type fixed asset activity for the 2017 calendar year was as follows:

|                            | <u>Balance</u><br><u>1/1/2017</u> | <u>Additions</u>           | <u>Deletions</u>           | <u>Balance</u><br><u>12/31/2017</u> |
|----------------------------|-----------------------------------|----------------------------|----------------------------|-------------------------------------|
| <b>Sewer Fund</b>          |                                   |                            |                            |                                     |
| Sewage Treatment Plant     | \$ 18,157,679                     | \$ -                       | \$ -                       | \$ 18,157,679                       |
| Site Improvements          | 107,951                           | -                          | -                          | 107,951                             |
| Buildings and Improvements | 3,018,774                         | -                          | -                          | 3,018,774                           |
| Sewer Lines                | 658,489                           | -                          | -                          | 658,489                             |
| Furniture and Equipment    | 2,325,111                         | 116,882                    | (199,566)                  | 2,242,427                           |
| Vehicles                   | 236,439                           | -                          | -                          | 236,439                             |
| Computer Equipment         | 25,296                            | -                          | -                          | 25,296                              |
| Work in Progress           | -                                 | 100,553                    | -                          | 100,553                             |
|                            | <u>\$ 24,529,739</u>              | <u>\$ 217,435</u>          | <u>\$ (199,566)</u>        | <u>\$ 24,547,608</u>                |
| Less: Accumulated          |                                   |                            |                            |                                     |
| Depreciation               | (8,513,158)                       | (541,060)                  | -                          | (9,054,218)                         |
| <b>Sewer Fund</b>          |                                   |                            |                            |                                     |
| <b>Capital Assets, Net</b> | <u><b>\$ 16,016,581</b></u>       | <u><b>\$ (323,625)</b></u> | <u><b>\$ (199,566)</b></u> | <u><b>\$ 15,493,390</b></u>         |
| <br>                       |                                   |                            |                            |                                     |
|                            | <u>Balance</u><br><u>1/1/2017</u> | <u>Additions</u>           | <u>Deletions</u>           | <u>Balance</u><br><u>12/31/2017</u> |
| <b>Electric Fund</b>       |                                   |                            |                            |                                     |
| Distribution Lines         | \$ 2,254,846                      | \$ 8,217                   | \$ -                       | \$ 2,263,063                        |
| Substation                 | 1,893,975                         | -                          | -                          | 1,893,975                           |
| Buildings and Improvements | 1,451,274                         | -                          | -                          | 1,451,274                           |
| Furniture and Equipment    | 2,072,711                         | 48,377                     | -                          | 2,121,088                           |
| Vehicles                   | 594,684                           | -                          | -                          | 594,684                             |
|                            | <u>\$ 8,267,490</u>               | <u>\$ 56,594</u>           | <u>\$ -</u>                | <u>\$ 8,324,084</u>                 |
| Less: Accumulated          |                                   |                            |                            |                                     |
| Depreciation               | (5,923,775)                       | (200,612)                  | -                          | (6,124,387)                         |
| <b>Electric Fund</b>       |                                   |                            |                            |                                     |
| <b>Capital Assets, Net</b> | <u><b>\$ 2,343,715</b></u>        | <u><b>\$ (144,018)</b></u> | <u><b>\$ -</b></u>         | <u><b>\$ 2,199,697</b></u>          |

The January 1, 2017 fixed asset balances have been adjusted to reflect updated fixed asset cost information from the prior calendar year (See Note 16).

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – LONG-TERM DEBT OBLIGATIONS – GOVERNMENTAL FUNDS**

**BONDS PAYABLE – SERIES OF 2016**

In November of 2016, the Borough of Ellwood City issued General Obligation Bonds – Series of 2016 in the amount of \$7,080,000 for the purpose of 1) currently refunding all or a portion of the Borough's outstanding General Obligations Bonds, Series B of 2011, 2) purchasing of a fire truck, 3) the acquisition, construction, equipping, furnishing and/or improving of a public works facility, 4) the construction and/or improvement of roads and other capital infrastructure improvements within the Borough (which may include, but not be limited to, the construction and/or improvement of sidewalks, street lighting, traffic signals, and water/sewer/utility lines), and related costs, and 5) funding the costs and expenses related to the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on February 1 and August 1 at rates ranging between .95 and 3.25%. The bonds provide for early redemption features on or after August 1, 2022. The Bonds are scheduled to mature on August 1, 2046 and are secured by the full faith and taxing power of the Borough.

A schedule of the December 31, 2017 debt service requirements on the General Fund's general obligation bonds are as follows:

| <b>Year End<br/>31-Dec</b> | <b>Principal</b>           | <b>Interest</b>            | <b>Total</b>                |
|----------------------------|----------------------------|----------------------------|-----------------------------|
| 2018                       | \$ 165,000                 | \$ 198,256                 | \$ 363,256                  |
| 2019                       | 165,000                    | 194,956                    | 359,956                     |
| 2020                       | 170,000                    | 191,656                    | 361,656                     |
| 2021                       | 170,000                    | 188,256                    | 358,256                     |
| 2022                       | 175,000                    | 184,856                    | 359,856                     |
| 2023-2027                  | 935,000                    | 869,144                    | 1,804,144                   |
| 2028-2032                  | 1,065,000                  | 738,050                    | 1,803,050                   |
| 2033-2037                  | 1,235,000                  | 568,100                    | 1,803,100                   |
| 2038-2042                  | 1,445,000                  | 360,750                    | 1,805,750                   |
| 2043-2046                  | 1,335,000                  | 110,338                    | 1,445,338                   |
|                            | <b><u>\$ 6,860,000</u></b> | <b><u>\$ 3,604,362</u></b> | <b><u>\$ 10,464,362</u></b> |

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS - PROPRIETARY FUNDS**

**BONDS PAYABLE – SERIES OF 2017**

In January of 2017, the Borough of Ellwood City issued General Obligation Bonds – Series of 2017 in the amount of \$3,965,000 for the purpose of 1) refunding all or a portion of the Borough's outstanding General Obligations Bonds, Series A of 2011, 2) the acquisition, construction, equipping, furnishing and/or improvement of the Borough's Electric Department Facility, and 3) funding the costs and expenses related to the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on February 1 and August 1 at rates ranging between 1.30 and 3.45%. The bonds provide for early redemption features on or after August 1, 2022. The Bonds are scheduled to mature on August 1, 2034 and are secured by the full faith and taxing power of the Borough.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS - PROPRIETARY FUNDS (Continued)**

The following summarizes the remaining debt service obligation for the Series of 2017 General Obligation Bonds as of December 31, 2017:

| Year End<br>31-Dec | Principal           | Interest            | Total               |
|--------------------|---------------------|---------------------|---------------------|
| 2018               | \$ 180,000          | \$ 111,085          | \$ 291,085          |
| 2019               | 180,000             | 107,485             | 287,485             |
| 2020               | 185,000             | 103,885             | 288,885             |
| 2021               | 190,000             | 100,185             | 290,185             |
| 2022               | 195,000             | 96,148              | 291,148             |
| 2023-2027          | 1,040,000           | 405,208             | 1,445,208           |
| 2028-2032          | 1,220,000           | 223,732             | 1,443,732           |
| 2033-2034          | 550,000             | 28,635              | 578,635             |
|                    | <b>\$ 3,740,000</b> | <b>\$ 1,176,363</b> | <b>\$ 4,916,363</b> |

In connection with the General Obligation Bond issue Series of 2017, the Borough paid \$16,764 in bond insurance premiums which are being amortized on a straight-line basis over the remaining life of the bond issue. The remaining unamortized bond insurance premium as of December 31, 2017 totals \$14,360 and is netted against the long-term portion of bonds payable on Exhibits A and H for the Borough's business-type activities. Amortization expense for calendar year 2017 totaled \$845.

**PENNVEST NOTES**

In February of 2006, the Pennsylvania Infrastructure Investment Authority (PENNVEST) approved a \$17,989,500 loan to the Borough of Ellwood City for the purpose of improvements to the Borough's wastewater treatment system. The terms of the note call for monthly principal and interest payments totaling \$68,586.98 with interest an interest rate of 1%. The loan is scheduled to mature on December 1, 2032.

In February of 2006, the Pennsylvania Infrastructure Investment Authority (PENNVEST) approved a \$970,500 loan to the Borough of Ellwood City for the purpose of improvements to the Borough's wastewater treatment system. The terms of the note call for monthly principal and interest payments totaling \$3,776.22 with interest an interest rate of 1%. The loan is scheduled to mature on December 1, 2032.

A schedule of the December 31, 2017 remaining debt service requirements on the Borough's PENNVEST note obligations are as follows:

| Year End<br>31-Dec | Principal            | Principal         | Total<br>Interest | TOTAL                |
|--------------------|----------------------|-------------------|-------------------|----------------------|
| 2018               | \$ 711,701           | \$ 39,184         | \$ 117,473        | \$ 868,358           |
| 2019               | 718,850              | 39,578            | 109,930           | 868,358              |
| 2020               | 726,072              | 39,976            | 102,311           | 868,359              |
| 2021               | 733,366              | 40,377            | 94,315            | 868,058              |
| 2022               | 740,733              | 40,783            | 86,842            | 868,358              |
| 2023-2027          | 3,816,794            | 210,143           | 314,855           | 4,341,792            |
| 2028-2032          | 4,012,401            | 220,912           | 108,478           | 4,341,791            |
|                    | <b>\$ 11,459,917</b> | <b>\$ 630,953</b> | <b>\$ 934,204</b> | <b>\$ 13,025,074</b> |

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 11 – CHANGES IN LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the Borough's long-term liabilities during the 2017 calendar year:

|                                                            | <u>Balance</u><br><u>1/1/2017</u> | <u>Additions</u>           | <u>Reductions</u>          | <u>Balance</u><br><u>12/31/2017</u> | <u>Due Within</u><br><u>One Year</u> |
|------------------------------------------------------------|-----------------------------------|----------------------------|----------------------------|-------------------------------------|--------------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                             |                                   |                            |                            |                                     |                                      |
| General Obligation Bonds                                   | \$ 7,080,000                      | \$ -                       | \$ 220,000                 | \$ 6,860,000                        | \$ 165,000                           |
| Net Pension Liability                                      | 3,875,041                         | -                          | 730,127                    | 3,144,914                           | -                                    |
| Net OPEB Liability                                         | 2,003,861                         | 62,798                     | 1,992,395                  | 74,264                              | -                                    |
| Compensated Absences                                       | 610,207                           | -                          | 283,518                    | 326,689                             | -                                    |
| <b>Total long-term debt -<br/>Governmental activities</b>  | <b><u>\$ 13,569,109</u></b>       | <b><u>\$ 62,798</u></b>    | <b><u>\$ 3,226,040</u></b> | <b><u>\$ 10,405,867</u></b>         | <b><u>\$ 165,000</u></b>             |
| <b>BUSINESS-TYPE ACTIVITIES</b>                            |                                   |                            |                            |                                     |                                      |
| General Obligation Bonds                                   | \$ 1,460,000                      | \$ 3,965,000               | \$ 1,685,000               | \$ 3,740,000                        | \$ 180,000                           |
| PENNVEST Notes                                             | 12,834,287                        | -                          | 743,417                    | 12,090,870                          | 750,885                              |
| Compensated Absences                                       | 71,307                            | 11,747                     | -                          | 83,054                              | -                                    |
| <b>Total long-term debt -<br/>Business-Type Activities</b> | <b><u>\$ 14,365,594</u></b>       | <b><u>\$ 3,976,747</u></b> | <b><u>\$ 2,428,417</u></b> | <b><u>\$ 15,913,924</u></b>         | <b><u>\$ 930,885</u></b>             |

**NOTE 12 - BOROUGH PENSION PLANS**

**PLAN DESCRIPTIONS**

The Borough of Ellwood City administers three single-employer defined benefit pension plans as follows:

- Police Pension Plan
- Firemen's Pension Plan
- Municipal Pension Plan

The pension plans were established under the provisions of the Borough Code of the Commonwealth of Pennsylvania. The plans are governed by the Borough of Ellwood City Council, who is responsible for the management of plan assets. The Borough Council has delegated the authority to manage plan assets to CS McKee through the Huntington Trust.



**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**PLAN MEMBERSHIP**

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

|                                                                         | <u>POLICE</u> | <u>FIREMENS</u> | <u>MUNICIPAL</u> |
|-------------------------------------------------------------------------|---------------|-----------------|------------------|
| Active employees                                                        | 10            | 1               | 20               |
| Retirees and beneficiaries currently receiving benefits                 | 17            | 4               | 28               |
| Terminated employees entitled to benefits<br>but not yet receiving them | 1             | 0               | 2                |
| Total                                                                   | <u>28</u>     | <u>5</u>        | <u>50</u>        |

**PLAN PROVISIONS**

**POLICE PENSION PLAN:**

**PARTICIPANTS -**

All full-time policemen of the Borough.

**ELIGIBILITY -**

**Normal:** Age 50 and 25 years of service.

**DROP -**

Participants are eligible to participate in the DROP at age 50 with 25 years of service. The DROP period is one to four years.

**BENEFITS -**

A monthly benefit equal to 50% of final 36 months average compensation at retirement plus service increment of \$100 per month if service exceeds 25 completed years.

**DEATH BENEFIT -**

**Post-retirement:** 50% of pension participant was receiving or would have been receiving had he been retired at death, payable to spouse until death or to children under age 18 or age 23 if attending college.

**Pre-retirement:** 50% of accrued benefit payable beginning at normal retirement age to spouse until death or children under age 18 or age 23 if attending college.

**DISABILITY BENEFITS -**

**Service related:** Monthly pension equal to 50% of salary at disability less Social Security disability benefits. The arbitration award dated May 17, 2006 removed the offset for future disability retirees.

**VESTING -**

A participant shall be entitled to a vested deferred benefit after 12 years of service. Participants who terminate before 12 years of service are entitled to a return of contributions plus 3.5% interest.

**COST OF LIVING BENEFIT -**

The monthly benefit after normal or disability retirement will be increased annually based on the Consumer Price Index. The maximum total increase is 30% of the original monthly benefit. The arbitration award dated May 17, 2006 removed the maximum increase for future disability retirees.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS** (Continued)

**PLAN PROVISIONS** (Continued)

**POLICE PENSION PLAN** (Continued):

**FUNDING** - Employee are required to contribute 3.5% of covered payroll to the plan. The Borough's contributions are to be determined by the actuary. The Borough's contribution for 2017 was \$488,064.

**DROP TERMS** - The plan offers a DROP with the following provisions:

Term: 1 to 4 years  
Minimum interest rate: 0% per year  
Maximum interest rate: 4.5% per year

DROP account assets are not segregated from the general assets of the Plan. Upon the end of the DROP period, a lump sum of the accrued account balance shall be paid to the Participant.

There have been no significant changes to the Police Pension Plan provisions since the prior valuation report date January 1, 2015.

**FIREMEN'S PENSION PLAN:**

**PARTICIPANTS** - All full-time firemen of the Borough.

**ELIGIBILITY** - **Normal:** Age 46 and 21 years of service.

**BENEFITS** - A monthly benefit equal to 50% of final 36 months average compensation at retirement. In addition to the Normal Retirement Pension, the participant receives a lumpsum benefit consisting of a refund of ½ of accumulated employee contributions plus 3% interest payable at normal retirement only.

**DEATH BENEFIT** - **Post-retirement** – 50% of pension participant was receiving or would have been receiving had he been retired at death, payable to widow until death or remarriage or to children until age 18. Any benefits to children will be paid for a maximum of 96 months from the retiree's original benefit commencement date.

**DISABILITY BENEFIT** - **Service related:** Monthly pension equal to 50% of final 36 months average compensation.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**PLAN PROVISIONS (Continued)**

**FIREMEN'S PENSION PLAN (Continued):**

**TERMINATION -**

Participants shall be entitled to a return of accumulated employee contributions plus 3% interest. In lieu of the return of employee contributions with interest, a participant with 10 years of service shall be entitled to a vested deferred benefit equal to 50% of final 36 months average compensation multiplied by a fraction equal to service to termination divided by projected service to normal retirement date.

**FUNDING -**

Employees are required to contribute 5% of covered payroll to the plan. The Borough's contributions are to be determined by the actuary. The Borough's contribution for 2017 was \$35,390.

There have been no significant changes to the Police Pension Plan provisions since the prior valuation report date January 1, 2015.

**MUNICIPAL PENSION PLAN:**

**PARTICIPANTS -**

All full-time non-uniformed employees of the Borough.

**ELIGIBILITY -**

**Normal:** All participants are eligible for retirement benefits provided that they have attained the age of 65 or completion of 20 years of service. Non-union participants hired before December 29, 1997 may retire at the earlier of 1) age 65 or completion of 20 years of service or 2) age 60 and 15 years of service. For the period January 31, 2009 through March 31, 2009, union participants were permitted to retire after either attaining age 65 or completing at least 17 years of service.

**Early:** 20 years of service or 15 years of service if non-union. Accrued benefit reduced by ½% per month commencement precedes normal retirement date.

**BENEFITS -**

Monthly benefit equal to 1.3% or highest 36 months average compensation at retirement multiplied by service. Those participants who contributed an extra 1% until January 5, 1998 receive an additional benefit determined by accumulating the extra 1% contributions with interest to retirement and calculating the actuarial equivalent annuity.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**PLAN PROVISIONS (Continued)**

**MUNICIPAL PENSION PLAN (Continued):**

|                                    |                                                                                                                                                                                                                                               |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>DEATH BENEFIT</u></b> -      | Post-Retirement: 100% of pension participant was receiving or would have been receiving had he been retired at death, payable to beneficiary. This benefit is payable for a maximum of 96 months from the original benefit commencement date. |
| <b><u>DISABILITY BENEFIT</u></b> - | Accrued benefit for participants who are at least age 50 with 15 years of service.                                                                                                                                                            |
| <b><u>TERMINATION</u></b> -        | Participants shall be entitled to a vested deferred benefit after 10 years of service. Participants who terminate before 10 years of service are entitled to a return of contributions plus 3.5% interest.                                    |
| <b><u>FUNDING</u></b> -            | Employees are required to contribute 1% of covered payroll to the plan. The Borough's contributions are to be determined by the actuary. The Borough's contribution for 2017 was \$167,678.                                                   |

There have been no significant changes to the Police Pension Plan provisions since the prior valuation report date January 1, 2015.

**FUNDING REQUIREMENTS**

The employer follows the funding policy prescribed by Act 205 of 1984 (as amended), which requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial 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 which must be used for pension funding. Any financial requirement established by the MMO which exceeds state contributions must be funded by the employer.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or plan earning.

**PENSION PLAN INVESTMENT POLICY**

The purpose of the Investment Policy Statement (IPS) is to set forth the objectives, policies, and guidelines for the investment of the assets of the Borough's Police, Firemen's, and Municipal Pension Plans. The retirement board reserves the right to establish or amend any or all portions of the IPS.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**PENSION PLAN INVESTMENT POLICY (Continued)**

The IPS defines target allocations for the plan assets according to the following schedule:

| <u>Asset Class</u>   | <u>Target Allocation</u> |
|----------------------|--------------------------|
| Fixed Income         | 40.0%                    |
| Equities             | 60.0%                    |
| Cash and Equivalents | 0-6%                     |
| Leeway (except cash) | 10.0%                    |

As of the current year, the investment manager's stated target allocations within these guidelines are as follows:

| <u>Asset Class</u>   | <u>Target Allocation</u> |
|----------------------|--------------------------|
| Fixed Income         | 40.0%                    |
| Domestic Equity      | 48.0%                    |
| International Equity | 12.0%                    |
| Cash                 | 0.0%                     |

In order to reach an appropriate level of diversification, the fund shall not invest more than 8% in an individual security or more than 15% in an individual industry. The portfolio may hold the following bond classes: US Treasury, mortgage-backed, asset-backed, agency, and corporate securities. All bonds must be rated investment grade by Moody's and/or Standard & Poors.

**LONG-TERM EXPECTED RATE OF RETURN ON INVESTMENTS**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future real rates of return is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation are summarized as follows:

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**LONG-TERM EXPECTED RATE OF RETURN ON INVESTMENTS (Continued)**

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u>           | <u>Weighted Return By Asset Class</u> |
|----------------------|--------------------------|---------------------------------------------------------|---------------------------------------|
| Fixed Income         | 40%                      | 2.00%                                                   | 0.81%                                 |
| Domestic Equity      | 48%                      | 6.50%                                                   | 3.12%                                 |
| International Equity | 12%                      | 6.85%                                                   | 0.82%                                 |
| Cash                 | 0%                       | 0.00%                                                   | 0%                                    |
|                      |                          | Total                                                   | 4.75%                                 |
|                      |                          | Plus Inflation                                          | 2.75%                                 |
|                      |                          | Implied Long-term Rate of Return                        | 7.50%                                 |
|                      |                          | Long-term Rate of Return on Investments Assumption Used | 7.50%                                 |

There has been no change to this assumption since the last report.

**DISCOUNT RATE**

The discount rate used to measure the total pension liability is 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions would continue at the current rates, expenses would continue at their current level, and that the employer would contribute the Minimum Municipal Obligation in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through the lifetime of the plan.

The long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments where assets are available. For periods of projected benefit payments where assets are insufficient to meet the benefit payments, an average 20-year municipal bond rate for bonds rated Aa and above as of December 31, 2017 of 3.25% is applied. A single-level discount rate is determined that is equivalent to the two individual rates used to discount cash flows. Since assets are projected to cover all future benefit payments, the long-term expected rate of return on pension plan investments of 7.5% is used as the discount rate. The rate used to discount liabilities has not changed since the last report.

**DISCOUNT RATE SENSITIVITY**

The following presents the net pension liability of the Borough of Ellwood City's police, firemen's, and municipal pension plans, calculated using the discount rate of 7.5%, as well as what the Borough's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**DISCOUNT RATE SENSITIVITY (Continued)**

|                             | <b>1% Decrease<br/>(6.5%)</b> | <b>Current<br/>Discount Rate<br/>(7.5%)</b> | <b>1% Increase<br/>(8.5%)</b> |
|-----------------------------|-------------------------------|---------------------------------------------|-------------------------------|
| <b>POLICE:</b>              |                               |                                             |                               |
| Total Pension Liability     | \$ 10,503,755                 | \$ 9,496,216                                | \$ 8,643,843                  |
| Plan Fiduciary Net Position | (7,771,943)                   | (7,771,943)                                 | (7,771,943)                   |
| Net Pension Liability       | <u>\$ 2,731,812</u>           | <u>\$ 1,724,273</u>                         | <u>\$ 871,900</u>             |
| <b>FIREMEN'S:</b>           |                               |                                             |                               |
| Total Pension Liability     | \$ 648,155                    | \$ 600,230                                  | \$ 558,486                    |
| Plan Fiduciary Net Position | (301,398)                     | (301,398)                                   | (301,398)                     |
| Net Pension Liability       | <u>\$ 346,757</u>             | <u>\$ 298,832</u>                           | <u>\$ 257,088</u>             |
| <b>MUNICIPAL:</b>           |                               |                                             |                               |
| Total Pension Liability     | \$ 6,049,077                  | \$ 5,529,118                                | \$ 5,082,129                  |
| Plan Fiduciary Net Position | (4,407,309)                   | (4,407,309)                                 | (4,407,309)                   |
| Net Pension Liability       | <u>\$ 1,641,768</u>           | <u>\$ 1,121,809</u>                         | <u>\$ 674,820</u>             |

**SIGNIFICANT ACTUARIAL ASSUMPTIONS**

Assumptions and methods used in the calculation of the Borough of Ellwood City's net pension liability and pension expense are listed below. Total pension liability was based on census data as of January 1, 2017. Unless otherwise noted below, all other assumptions are the same as those detailed in the most recent actuarial valuation report:

- Measurement Date – December 31, 2017
- Actuarial Valuation Date – January 1, 2017
- Actuarial Cost Method – Entry Age Normal (Level % of Salary)
- Investment Rate of Return – 7.5%
- Projected Salary Increases – 5.5%
- Underlying Inflation Rate – 2.75%
- Cost of Living Adjustments – 4% (Police and Municipal) None (Firemen's)
- Mortality Table – RP 2000 Mortality Table Projected to the Valuation Date - Scale AA (Firemen's and Municipal). RP 2000 Mortality Table Projected to the Valuation Date - Scale AA; RP 2000 Mortality Table (un-projected) set forward 10 years for disabled lives
- Employee Termination – Crocker Sarason and Straight T-1 termination
- Retirement – 100% at age 50 with 25 years of service (Police), 100% at age 46 or 21 years of service (Firemen's), 100% at age 65 or 20 years of service (Municipal)
- Disability – 100% of 1964 OASDI Table, assuming 2/3rds are service related (Police), None (Firemen's), 100% of 1964 OASDI Table (Municipal)
- Asset Valuation Method – Market Value of Assets

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**CHANGES IN THE NET PENSION LIABILITY – POLICE PENSION PLAN**

|                                   | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-----------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balance, beginning of year</b> | <b>\$ 9,109,762</b>                          | <b>\$ 6,820,061</b>                              | <b>\$ 2,289,701</b>                        |
| <b>Changes for the year:</b>      |                                              |                                                  |                                            |
| Service cost                      | 135,341                                      | -                                                | 135,341                                    |
| Interest                          | 672,505                                      | -                                                | 672,505                                    |
| Experience (gain)/loss            | -                                            | -                                                | -                                          |
| Assumption (gain)/loss            | -                                            | -                                                | -                                          |
| Plan change                       | -                                            | -                                                | -                                          |
| Contributions-employer            | -                                            | 488,064                                          | (488,064)                                  |
| Contributions-employee            | -                                            | 30,514                                           | (30,514)                                   |
| Net investment income             | -                                            | 872,313                                          | (872,313)                                  |
| Benefit payments                  | (421,392)                                    | (421,392)                                        | -                                          |
| Actuarial costs                   | -                                            | (12,055)                                         | 12,055                                     |
| Other                             | -                                            | (5,562)                                          | 5,562                                      |
| <b>Net changes</b>                | <b>386,454</b>                               | <b>951,882</b>                                   | <b>(565,428)</b>                           |
| <b>Balance, End of Year</b>       | <b>\$ 9,496,216</b>                          | <b>\$ 7,771,943</b>                              | <b>\$ 1,724,273</b>                        |



**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**CHANGES IN THE NET PENSION LIABILITY – FIREMEN’S PENSION PLAN**

|                                   | Total Pension<br>Liability<br>( a ) | Plan Fiduciary<br>Net Position<br>( b ) | Net Pension<br>Liability<br>( c ) |
|-----------------------------------|-------------------------------------|-----------------------------------------|-----------------------------------|
| <b>Balance, beginning of year</b> | \$ 609,659                          | \$ 306,553                              | \$ 303,106                        |
| Changes for the year:             |                                     |                                         |                                   |
| Service cost                      | 12,845                              | -                                       | 12,845                            |
| Interest                          | 43,731                              | -                                       | 43,731                            |
| Experience (gain)/loss            | -                                   | -                                       | -                                 |
| Assumption (gain)/loss            | -                                   | -                                       | -                                 |
| Plan change                       | -                                   | -                                       | -                                 |
| Contributions-employer            | -                                   | 35,390                                  | (35,390)                          |
| Contributions-employee            | -                                   | 2,953                                   | (2,953)                           |
| Net investment income             | -                                   | 30,400                                  | (30,400)                          |
| Benefit payments                  | (66,005)                            | (66,005)                                | -                                 |
| Actuarial costs                   | -                                   | (6,245)                                 | 6,245                             |
| Other                             | -                                   | (1,648)                                 | 1,648                             |
| Net changes                       | (9,429)                             | (5,155)                                 | (4,274)                           |
| <b>Balance, End of Year</b>       | <b>\$ 600,230</b>                   | <b>\$ 301,398</b>                       | <b>\$ 298,832</b>                 |

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**CHANGES IN THE NET PENSION LIABILITY – MUNICIPAL PENSION PLAN**

|                                   | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-----------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balance, beginning of year</b> | <b>\$ 5,343,542</b>                          | <b>\$ 4,061,309</b>                              | <b>\$ 1,282,233</b>                        |
| <b>Changes for the year:</b>      |                                              |                                                  |                                            |
| Service cost                      | 128,446                                      | -                                                | 128,446                                    |
| Interest                          | 392,988                                      | -                                                | 392,988                                    |
| Experience (gain)/loss            | -                                            | -                                                | -                                          |
| Assumption (gain)/loss            | -                                            | -                                                | -                                          |
| Plan change                       | -                                            | -                                                | -                                          |
| Contributions-employer            | -                                            | 167,678                                          | (167,678)                                  |
| Contributions-employee            | -                                            | 15,499                                           | (15,499)                                   |
| Net investment income             | -                                            | 512,514                                          | (512,514)                                  |
| Benefit payments                  | (335,858)                                    | (335,858)                                        | -                                          |
| Actuarial costs                   | -                                            | (9,905)                                          | 9,905                                      |
| Other                             | -                                            | (3,928)                                          | 3,928                                      |
| <b>Net changes</b>                | <b>185,576</b>                               | <b>346,000</b>                                   | <b>(160,424)</b>                           |
| <b>Balance, End of Year</b>       | <b>\$ 5,529,118</b>                          | <b>\$ 4,407,309</b>                              | <b>\$ 1,121,809</b>                        |

**DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended December 31, 2017, total reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

|                                                                                        | ---POLICE PENSION ---                |                                     | -FIREMEN'S PENSION-                  |                                     |
|----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|                                                                                        | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected<br>and actual experience                                  | \$ -                                 | \$ (116,140)                        | \$ 1,874                             | \$ (12,876)                         |
| Changes of assumptions                                                                 | -                                    | -                                   | 1,847                                | -                                   |
| Net difference between<br>projected and actual earnings<br>on pension plan investments | 275,482                              | (296,663)                           | 19,959                               | (7,735)                             |
| TOTAL                                                                                  | <u>\$ 275,482</u>                    | <u>\$ (412,803)</u>                 | <u>\$ 23,680</u>                     | <u>\$ (20,611)</u>                  |

|                                                                                        | -MUNICIPAL PENSION --                |                                     |
|----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
|                                                                                        | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected<br>and actual experience                                  | \$ 75,977                            | \$ (9,501)                          |
| Changes of assumptions                                                                 | 34,861                               | -                                   |
| Net difference between<br>projected and actual earnings<br>on pension plan investments | 184,705                              | (174,410)                           |
| TOTAL                                                                                  | <u>\$ 295,543</u>                    | <u>\$ (183,911)</u>                 |

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

| Year ended<br>December 31, | POLICE<br>PENSION<br>PLAN | FIREMEN'S<br>PENSION<br>PLAN | MUNICIPAL<br>PENSION<br>PLAN |
|----------------------------|---------------------------|------------------------------|------------------------------|
| 2018                       | \$ 14,972                 | \$ 6,046                     | 117,162                      |
| 2019                       | (10,740)                  | (606)                        | 67,145                       |
| 2020                       | (67,388)                  | (436)                        | (29,074)                     |
| 2021                       | (74,165)                  | (1,935)                      | (43,601)                     |
| 2022+                      | -                         | -                            | -                            |

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PLAN PROVISIONS**

In June of 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, 'Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions'. This statement provides the accounting and reporting requirements for benefit plans, as well as, requires that public sector employers accrue the cost of any postemployment healthcare or similar benefits (OPEB) they may offer to employees. Under GASB Statement No. 45, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan.

The Borough of Ellwood City provides eligible retirees and their spouses with medical, prescription drug, dental, vision and life insurance benefits until the retiree reaches age 65. Additionally, the retiree is provided a Medicare supplement upon attaining Medicare eligibility, lasting for the remainder of their life. Retirees pay 20% of the premium until age 62, after which the Borough pays the entire cost. No spouse benefits are provided after the retiree attains age 65. Retirees are also eligible for a \$5,000 life insurance benefit at no cost to them. Spouses are not eligible for any life insurance benefit. Some retirees receive a lesser amount of life insurance coverage, as provided by the data.

**FUNDING POLICY**

The benefits of the Borough of Ellwood City are funded on a pay-as-you-go basis. The Borough funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide postretirement benefits.

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**SUMMARY OF PARTICIPANT DATA**

The following participant data as of December 1, 2017 was used for the purposes of the most recent actuarial valuation:

|                                     |           |
|-------------------------------------|-----------|
| Actives                             | 12        |
| Retirees (with medical coverage)    | 10        |
| Spouses (with medical coverage)     | 4         |
| Retirees (without medical coverage) | 1         |
| Total                               | <u>27</u> |

**SIGNIFICANT ACTUARIAL ASSUMPTIONS**

Assumptions and methods used in the calculation of the Borough of Ellwood City's net other post-employment benefits (OPEB) obligation are based on the January 1, 2018 actuarial valuation with a measurement date of December 31, 2016 and a reporting date of December 31, 2017 as follows:

- Actuarial Valuation Method – Entry Age Normal (Level % of Salary)
- Amortization Period – 30 years (open)
- Discount Rate – 5%
- Projected Salary Increases – 3%
- Mortality Rates – RP 2000 Projected 20 2018 using Scale AA
- Withdrawal Rates – T-1 Termination Rates – Unisex
- Disability Rates – 1984 OASDI Table
- Marital Status – 100% of the active employees are assumed to be married at the time of retirement. After age 62, coverage is provided at no cost to the retiree and spouse until the retiree reaches age 65. After age 65, coverage is provided at no cost to the retiree

The Borough's Annual Required Contribution (ARC) and Net OPEB obligation as of December 31, 2017 are as follows:

|                                            |                   |
|--------------------------------------------|-------------------|
| Normal Cost                                | \$ 68,912         |
| Amortization of Unfunded Accrued Liability | 115,972           |
| Interest                                   | 4,566             |
| Annual required contribution               | <u>\$ 189,450</u> |
| Interest on net OPEB obligation            | 573               |
| Adjustment to annual required contribution | (510)             |
| Annual OPEB cost (expense)                 | <u>189,513</u>    |
| Contributions made (estimate)              | <u>(126,715)</u>  |
| Increase in net OPEB obligation            | 62,798            |
| Net OPEB obligation at January 1, 2017     | 11,466            |
| Net OPEB obligation at December 31, 2017   | <u>\$ 74,264</u>  |

The Net OPEB liability at December 31, 2017 of \$74,264 is reflected as part of noncurrent liabilities in the government-wide financial statement of net position (Exhibit A).

**BOROUGH OF ELLWOOD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 14 – RISK MANAGEMENT**

The Borough of Ellwood City 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.

**NOTE 15 - CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough of Ellwood City, on occasion, can be party to various legal actions arising from normal business operations. As of December 31, 2017, the Borough is unaware of any pending litigation that would be material to the financial position of the Borough.

**STATE FUNDING**

The Borough of Ellwood City's state funded programs 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.

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment of \$3,022,279 to the January 1, 2017 net position of the Borough of Ellwood City represents 1) adjustments to the Borough's presentation of net OPEB obligation and deferred inflows/outflows of resources related to pensions totaling \$2,951,960 based on independent actuarial valuations, and 2) adjustments to the Borough's fixed asset categories to match detail support maintained by the Borough totaling \$70,319.

The prior period adjustment of \$274,209 to the January 1, 2017 fund balance of the Borough of Ellwood City's General Fund represents the recognition of the 'deferred inflows of resources' portion related to the delinquent real estate tax receivable as of December 31, 2016.

**NOTE 17 – SUBSEQUENT EVENTS**

The Borough is not aware of any subsequent events after December 31, 2017 and through the date of the financial statements that would require recognition or disclosure in the financial statements.

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# **SUPPLEMENTARY INFORMATION**

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**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                    | BUDGET              | ACTUAL              | OVER<br>(UNDER)<br>BUDGET |
|------------------------------------|---------------------|---------------------|---------------------------|
| <b>TAXES:</b>                      |                     |                     |                           |
| Real Estate Tax - Current          | \$ 1,976,581        | \$ 2,005,193        | \$ 28,612                 |
| Real Estate Tax - Delinquent       | 120,000             | 167,961             | 47,961                    |
| Per Capita Tax - Delinquent        | 29,800              | 29,100              | (700)                     |
| Real Estate Transfer               | 45,000              | 106,493             | 61,493                    |
| Earned Income Tax                  | 710,000             | 742,024             | 32,024                    |
| LST Tax                            | 112,500             | 118,267             | 5,767                     |
| Mechanical Devices                 | 6,420               | 8,665               | 2,245                     |
| <b>TOTAL TAXES</b>                 | <b>\$ 3,000,301</b> | <b>\$ 3,177,702</b> | <b>\$ 177,401</b>         |
| <b>LICENSES AND PERMITS:</b>       |                     |                     |                           |
| Licenses & Permits                 | \$ 2,500            | \$ 2,915            | \$ 415                    |
| Cable Television                   | 67,000              | 72,168              | 5,168                     |
| Street Permits                     | 15,000              | 24,325              | 9,325                     |
| Other Permits                      | 200                 | 755                 | 555                       |
| <b>TOTAL LICENSES AND PERMITS</b>  | <b>\$ 84,700</b>    | <b>\$ 100,163</b>   | <b>\$ 15,463</b>          |
| <b>FINES AND FORFEITURES:</b>      |                     |                     |                           |
| State Vehicle Codes                | \$ 4,000            | \$ 4,657            | \$ 657                    |
| Local Vehicle Codes                | 20,000              | 26,354              | 6,354                     |
| Local Fines & Restitution          | 20,000              | 22,285              | 2,285                     |
| <b>TOTAL FINES AND FORFEITURES</b> | <b>\$ 44,000</b>    | <b>\$ 53,295</b>    | <b>\$ 9,295</b>           |
| <b>INTEREST AND RENTS:</b>         |                     |                     |                           |
| Interest Earnings                  | \$ 2,700            | \$ 22,621           | \$ 19,921                 |
| PLGIT Pcard Rebate                 | 2,700               | 2,650               | (50)                      |
| WesBanco-Visa Rewards              | 100                 | -                   | (100)                     |
| Staples Rebate(s)                  | -                   | 106                 | 106                       |
| Rent                               | 8,000               | 44,334              | 36,334                    |
| <b>TOTAL INTEREST AND RENTS</b>    | <b>\$ 13,500</b>    | <b>\$ 69,712</b>    | <b>\$ 56,212</b>          |
| <b>INTERGOVERNMENTAL:</b>          |                     |                     |                           |
| Payments in Lieu of Taxes          | \$ 2,000            | \$ 3,020            | \$ 1,020                  |
| Fire & EMS (State) Grant           | -                   | 13,645              | 13,645                    |
| Grants - Recycling Program Fund    | 5,000               | 11,632              | 6,632                     |
| State Grants                       | -                   | 50,000              | 50,000                    |
| County Grants                      | -                   | 10,000              | 10,000                    |
| Public Utility Realty Tax          | 2,800               | 2,886               | 86                        |
| Alcoholic Beverage Taxes           | 2,600               | 2,300               | (300)                     |
| State Aid-Vol. Relief Assn         | 38,500              | 33,416              | (5,084)                   |
| Pension Contribution               | 218,732             | 229,863             | 11,131                    |
| <b>TOTAL INTERGOVERNMENTAL</b>     | <b>\$ 269,632</b>   | <b>\$ 356,762</b>   | <b>\$ 87,130</b>          |



**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                       | BUDGET              | ACTUAL              | OVER<br>(UNDER)<br>BUDGET |
|---------------------------------------|---------------------|---------------------|---------------------------|
| <b>CHARGES FOR SERVICES:</b>          |                     |                     |                           |
| Fees for Bad Checks                   | \$ 600              | \$ 1,573            | \$ 973                    |
| Sale of Leaf Bags                     | 200                 | 56                  | (144)                     |
| Sale of Properties                    | 20,000              | 6,000               | (14,000)                  |
| Other Misc Revenues                   | 1,700               | 3,503               | 1,803                     |
| Lien Letters                          | 3,000               | 3,920               | 920                       |
| Administrative Services               | 500                 | 125                 | (375)                     |
| Health/Employee Contribut             | 9,446               | 10,314              | 868                       |
| Central Booking Fee                   | -                   | 90                  | 90                        |
| School District - Crossing Guards     | 25,000              | 20,250              | (4,750)                   |
| Sale of Safety Reports                | 1,500               | 1,800               | 300                       |
| Animal Control Fees                   | 500                 | 235                 | (265)                     |
| Structure Permits                     | 3,000               | 2,102               | (898)                     |
| Local Building Permits                | 500                 | -                   | (500)                     |
| Sign Permits                          | 200                 | 200                 | -                         |
| Demolition Permits                    | 500                 | 1,350               | 850                       |
| Miscellaneous Permits                 | 600                 | 600                 | -                         |
| Fence Permits                         | 500                 | 283                 | (217)                     |
| Var/Spec Excep/Cond Use               | 1,350               | 500                 | (850)                     |
| Sub-Divisions                         | 500                 | 1,500               | 1,000                     |
| Zoning Permits                        | 1,500               | 525                 | (975)                     |
| Police Services                       | 80,000              | 108,154             | 28,154                    |
| Street Meters - Parking               | 23,000              | 25,940              | 2,940                     |
| Beaver Ave. Lot Permits - Parking     | 4,300               | 3,500               | (800)                     |
| WesBanco Parking Permits - Parking    | -                   | 1,925               | 1,925                     |
| Bell Avenue Permits - Parking         | 156                 | 13                  | (143)                     |
| Meter Fines - Parking                 | 7,000               | 7,591               | 591                       |
| Snow Removal Contract - Streets       | 16,500              | 17,477              | 977                       |
| Public Works Services - Streets       | 5,000               | 3,839               | (1,161)                   |
| Reimbursement for Utilities - Streets | -                   | 5,688               | 5,688                     |
| Pool Rental                           | 70                  | 80                  | 10                        |
| Rental of Shelters                    | -                   | 10,458              | 10,458                    |
| Concession Stand Revenue              | 5,500               | 4,796               | (704)                     |
| Sale of Recycling Bins                | 1,800               | 2,533               | 733                       |
| Sale of Yard Waste Carts              | 100                 | 1,089               | 989                       |
| Miscellaneous Revenue                 | 1,500               | 1,370               | (130)                     |
| Recycling Fees                        | 115,000             | 116,705             | 1,705                     |
| Penalty Recycling                     | 1,000               | 867                 | (133)                     |
| Host Municipality Benefit             | 15,000              | 8,833               | (6,167)                   |
| <b>TOTAL CHARGES FOR SERVICES</b>     | <b>347,022</b>      | <b>375,784</b>      | <b>28,762</b>             |
| <b>MISCELLANEOUS:</b>                 |                     |                     |                           |
| HOYT Grant Proceeds (Contribution)    | \$ -                | \$ 200,000          | \$ 200,000                |
| Donations - Police Canine Fund        | -                   | 300                 | 300                       |
| Contributions from Private Sources    | -                   | 11,295              | 11,295                    |
| <b>TOTAL MISCELLANEOUS</b>            | <b>\$ -</b>         | <b>\$ 211,595</b>   | <b>\$ 211,595</b>         |
| <b>OTHER FINANCIAL SOURCES:</b>       |                     |                     |                           |
| Transfer From Electric Fund           | \$ 1,450,000        | \$ 1,450,000        | \$ -                      |
| Transfer From General Fund            | -                   | 240,797             | 240,797                   |
| Sale of Property                      | -                   | 384,776             | 384,776                   |
| <b>TOTAL OTHER FINANCIAL SOURCES</b>  | <b>\$ 1,450,000</b> | <b>\$ 2,075,573</b> | <b>\$ 625,573</b>         |
| <b>TOTAL REVENUE</b>                  | <b>\$ 5,209,155</b> | <b>\$ 6,420,585</b> | <b>\$ 1,211,430</b>       |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                     | BUDGET           | ACTUAL           | (OVER)<br>UNDER<br>BUDGET |
|-------------------------------------|------------------|------------------|---------------------------|
| <b>GENERAL GOVERNMENT:</b>          |                  |                  |                           |
| <b><u>MAYOR &amp; COUNCIL:</u></b>  |                  |                  |                           |
| Earned Salaries & Wages             | \$ 6,936         | \$ 7,310         | \$ 374                    |
| Social Security                     | 531              | 559              | 28                        |
| Services & Charges                  | 1,200            | 794              | (406)                     |
| Dues/Subscrip/Membership            | 3,300            | 1,550            | (1,750)                   |
| Training/Conference                 | 2,000            | 1,917            | (83)                      |
| Errors & Omissions                  | 3,500            | 3,750            | 250                       |
| Office Equipment                    | 300              | -                | (300)                     |
| <b>TOTAL MAYOR &amp; COUNCIL</b>    | <b>\$ 17,767</b> | <b>\$ 15,880</b> | <b>\$ (1,887)</b>         |
| <b><u>MANAGER:</u></b>              |                  |                  |                           |
| Earned Salaries & Wages             | \$ 14,000        | \$ 10,676        | \$ (3,324)                |
| Leave Salaries & Wages              | 1,562            | 2,825            | 1,263                     |
| Longevity                           | 200              | 200              | -                         |
| Dental                              | 1,291            | 1,294            | 3                         |
| Long Term Disability                | 168              | 165              | (3)                       |
| Disability                          | 165              | 165              | (0)                       |
| Vision                              | 447              | 410              | (37)                      |
| Boro Mgr Hospitalization            | 16,072           | 14,000           | (2,072)                   |
| Manager Life Insurance              | 89               | 82               | (7)                       |
| Social Security                     | 1,500            | 1,700            | 200                       |
| Workermans Compensation             | 60               | 51               | (9)                       |
| Services & Charges                  | 1,150            | 1,044            | (106)                     |
| Manager Transportation              | 300              | -                | (300)                     |
| Dues Subscriptions Member           | 500              | 325              | (175)                     |
| Training/Conference                 | 1,000            | 452              | (548)                     |
| Office Equipment                    | 500              | 24               | (476)                     |
| <b>TOTAL MANAGER</b>                | <b>\$ 39,004</b> | <b>\$ 33,416</b> | <b>\$ (5,588)</b>         |
| <b><u>FINANCIAL OPERATIONS:</u></b> |                  |                  |                           |
| Earned Salaries & Wages             | \$ 43,555        | \$ 38,686        | \$ (4,869)                |
| Leave Salaries & Wages              | 4,548            | 7,614            | 3,066                     |
| Overtime                            | 2,000            | 3,909            | 1,909                     |
| Longevity                           | 500              | 500              | -                         |
| Financial Dental                    | 2,582            | 2,589            | 7                         |
| Long Term Disability                | 213              | 206              | (7)                       |
| Disability                          | 220              | 220              | (0)                       |
| Vision                              | 447              | 410              | (37)                      |
| Financial Hospitalization           | 22,788           | 24,114           | 1,326                     |
| Financial Life Insurance            | 89               | 84               | (5)                       |
| Pension Contributions               | -                | (256)            | (256)                     |
| Social Security                     | 3,871            | 3,897            | 26                        |
| Workermans Compensation             | 195              | 195              | -                         |
| Services & Charges                  | 350              | 35               | (315)                     |
| Accounting & Auditing               | 6,000            | 4,283            | (1,717)                   |
| Dues Subscriptions Member           | 50               | 25               | (25)                      |
| Training/Conference                 | 300              | -                | (300)                     |
| Office Supplies                     | 350              | 644              | 294                       |
| Office Equipment                    | 500              | 39               | (461)                     |
| <b>TOTAL FINANCIAL OPERATIONS</b>   | <b>\$ 88,558</b> | <b>\$ 87,194</b> | <b>\$ (1,364)</b>         |

**BOROUGH OF ELLWOOD CITY  
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                       | <b>BUDGET</b>    | <b>ACTUAL</b>    | <b>(OVER)<br/>UNDER<br/>BUDGET</b> |
|---------------------------------------|------------------|------------------|------------------------------------|
| <b><u>GENERAL ADMINISTRATION:</u></b> |                  |                  |                                    |
| Earned Salaries & Wages               | \$ 41,853        | \$ 39,159        | \$ (2,694)                         |
| Leave Salaries & Wages                | 5,401            | 6,823            | 1,422                              |
| Overtime                              | 1,250            | 1,059            | (191)                              |
| Longevity                             | 1,000            | 1,000            | -                                  |
| Administration Dental                 | 1,327            | 1,330            | 3                                  |
| Long Term Disability                  | 111              | 109              | (2)                                |
| Disability                            | 165              | 165              | (0)                                |
| Vision                                | 447              | 410              | (37)                               |
| Administration Life Insurance         | 106              | 101              | (5)                                |
| Social Security                       | 3,787            | 3,570            | (217)                              |
| Workermans Compensation               | 146              | 146              | -                                  |
| Admin Postage & Printing              | 5,000            | 5,892            | 892                                |
| Administration Telephone              | 2,500            | 3,235            | 735                                |
| Services & Charges                    | 5,500            | 8,114            | 2,614                              |
| Appraisal Services                    | 350              | -                | (350)                              |
| Administration Contr Serv             | 7,000            | 2,968            | (4,032)                            |
| Transportation                        | 100              | -                | (100)                              |
| Advertising                           | 4,000            | 1,809            | (2,191)                            |
| Copier Rental/Supplies                | 7,500            | 6,699            | (801)                              |
| Dues/Subscription/Membership          | 900              | 329              | (571)                              |
| Training/Conference                   | 500              | -                | (500)                              |
| Office Supplies                       | 2,500            | 1,500            | (1,000)                            |
| Office Equipment                      | 500              | 1,285            | 785                                |
| <b>TOTAL GENERAL ADMINISTRATION</b>   | <b>\$ 91,943</b> | <b>\$ 85,703</b> | <b>\$ (6,240)</b>                  |
| <b><u>TAX COLLECTOR:</u></b>          |                  |                  |                                    |
| Earned Salary & Wages                 | \$ 8,292         | \$ 8,850         | \$ 558                             |
| Social Security                       | 634              | 677              | 43                                 |
| Postage & Printing                    | 4,500            | 2,798            | (1,702)                            |
| Services & Charges-Tax Coll           | 1,800            | 1,753            | (47)                               |
| Other Tax Services                    | 14,000           | 15,352           | 1,352                              |
| Bonding                               | 700              | -                | (700)                              |
| Office Supplies                       | 150              | 122              | (28)                               |
| Office Equipment                      | 100              | -                | (100)                              |
| <b>TOTAL TAX COLLECTION</b>           | <b>\$ 30,176</b> | <b>\$ 29,552</b> | <b>\$ (624)</b>                    |
| <b><u>LEGAL:</u></b>                  |                  |                  |                                    |
| Earned Salary & Wages                 | \$ 10,400        | \$ 10,400        | \$ 0                               |
| Legal Hospitalization                 | 15,505           | 13,848           | (1,657)                            |
| Social Security                       | 796              | 796              | (0)                                |
| Legal Services & Charges              | 15,000           | 50,475           | 35,475                             |
| Dues/Subscrip/Membership              | 250              | 250              | -                                  |
| <b>TOTAL LEGAL</b>                    | <b>\$ 41,951</b> | <b>\$ 75,769</b> | <b>\$ 33,818</b>                   |
| <b><u>DATA PROCESSING:</u></b>        |                  |                  |                                    |
| Contracted Services                   | \$ 15,000        | \$ 19,864        | \$ 4,864                           |
| Operating Supplies                    | 500              | -                | (500)                              |
| Office Equipment                      | 1,200            | 521              | (679)                              |
| <b>TOTAL DATA PROCESSING</b>          | <b>\$ 16,700</b> | <b>\$ 20,386</b> | <b>\$ 3,686</b>                    |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                 | BUDGET            | ACTUAL            | (OVER)<br>UNDER<br>BUDGET |
|---------------------------------|-------------------|-------------------|---------------------------|
| <b>MUNICIPAL BUILDING:</b>      |                   |                   |                           |
| Earned Salaries & Wages         | \$ 15,000         | \$ 9,571          | \$ (5,429)                |
| Overtime                        | 200               | -                 | (200)                     |
| Social Security                 | 1,163             | 732               | (431)                     |
| Workmans Compensation           | 809               | 809               | -                         |
| Electricity (Munic Bldg)        | 30,000            | 23,726            | (6,274)                   |
| Munic Bldg Water/Sewage         | 2,000             | 2,427             | 427                       |
| Services & Chrgs (Munic)        | 5,000             | 2,846             | (2,154)                   |
| Engineering & Architect         | 1,000             | -                 | (1,000)                   |
| Contracted Services             | 18,500            | 18,384            | (116)                     |
| Office Equipment                | 500               | -                 | (500)                     |
| Cleaning Supplies               | 500               | 120               | (380)                     |
| Household Supplies              | 500               | 46                | (454)                     |
| Repair Maint Materials          | 4,000             | 6,413             | 2,413                     |
| Improvements                    | 500               | 324               | (176)                     |
| Small Tool/Minor Equip          | 250               | 25                | (225)                     |
| <b>TOTAL MUNICIPAL BUILDING</b> | <b>\$ 79,922</b>  | <b>\$ 65,424</b>  | <b>\$ (14,498)</b>        |
| <b>TOTAL GENERAL GOVERNMENT</b> | <b>\$ 406,021</b> | <b>\$ 413,324</b> | <b>\$ 7,303</b>           |
| <b>PUBLIC SAFETY</b>            |                   |                   |                           |
| <b>POLICE DEPARTMENT:</b>       |                   |                   |                           |
| Earned Salaries & Wages         | \$ 782,488        | \$ 711,201        | \$ (71,287)               |
| Leave Salaries & Wages          | 93,794            | 111,224           | 17,430                    |
| Overtime                        | 67,000            | 35,016            | (31,984)                  |
| Replacement Time                | 63,000            | 71,674            | 8,674                     |
| Court Time                      | 25,000            | 12,903            | (12,097)                  |
| Reimbursement Overtime          | 40,000            | 44,664            | 4,664                     |
| Holiday Pay                     | 43,312            | 42,050            | (1,262)                   |
| Longevity                       | 21,990            | 21,990            | -                         |
| Training Overtime               | 20,000            | 10,866            | (9,134)                   |
| Police Dental                   | 15,051            | 16,228            | 1,177                     |
| Long Term Disability            | 1,760             | 1,847             | 87                        |
| Disability                      | 6,761             | 6,784             | 23                        |
| Vision                          | 4,694             | 4,511             | (183)                     |
| Police Hospitalization          | 214,486           | 217,129           | 2,643                     |
| Police Life Insurance           | 8,088             | 7,174             | (914)                     |
| Pension Contributions           | 442,704           | 396,299           | (46,405)                  |
| Social Security                 | 18,000            | 21,128            | 3,128                     |
| Workermans Compensation         | 61,000            | 58,538            | (2,462)                   |
| Deferred Comp Match             | 18,000            | 16,588            | (1,412)                   |
| Electricity (Police)            | 1,300             | 974               | (326)                     |
| Postage & Printing              | 250               | -                 | (250)                     |
| Radio Equip/Maintenance         | 1,000             | -                 | (1,000)                   |
| Police Telephone                | 6,000             | 3,843             | (2,157)                   |
| Police Services & Charges       | 15,000            | 21,644            | 6,644                     |
| Legal Services                  | 15,000            | 275               | (14,725)                  |
| Police Contracted Services      | 12,000            | 9,370             | (2,630)                   |
| Advertising                     | 500               | 31                | (469)                     |
| Copier Rental/Supplies          | 1,700             | 1,537             | (163)                     |
| Court Cost/Investigation        | 250               | -                 | (250)                     |
| Dues/Subscription/Membership    | 900               | 907               | 7                         |
| Training/Conference             | 4,000             | 3,157             | (843)                     |
| Fleet Insurance                 | 5,000             | 4,043             | (957)                     |
| Law Enforcement Insurance       | 15,000            | 15,000            | -                         |
| Operating Supplies              | 4,000             | 3,500             | (500)                     |
| Office Supplies                 | 2,000             | 1,611             | (389)                     |
| Office Equipment                | 2,000             | 245               | (1,755)                   |
| Clothing & Uniform              | 12,000            | 13,212            | 1,212                     |
| Vehicle Oil/Fuel                | 10,000            | 14,511            | 4,511                     |
| Repair/Maint Mat/ Supply        | 300               | -                 | (300)                     |
| Building Maintenance            | 2,000             | 581               | (1,419)                   |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                             | BUDGET              | ACTUAL              | (OVER)<br>UNDER<br>BUDGET |
|---------------------------------------------|---------------------|---------------------|---------------------------|
| <b><u>POLICE DEPARTMENT (Continued)</u></b> |                     |                     |                           |
| Vehicle Maintenance                         | 6,000               | 7,211               | 1,211                     |
| Equipment                                   | 1,500               | 1,011               | (489)                     |
| Police Youth Service/Charges                | -                   | 669                 | 669                       |
| Police Car Purchase                         | -                   | 40,042              | 40,042                    |
| HVAC Police Department                      | -                   | 6,763               | 6,763                     |
| <b>TOTAL POLICE DEPARTMENT</b>              | <b>\$ 2,064,828</b> | <b>\$ 1,957,951</b> | <b>\$ (106,877)</b>       |
| <b><u>POLICE K9:</u></b>                    |                     |                     |                           |
| Earned Salaries & Wages                     | \$ 2,738            | \$ 562              | \$ (2,176)                |
| Social Security                             | 40                  | (155)               | (195)                     |
| Food, Vet & Other Charges                   | 3,000               | 2,196               | (804)                     |
| Training/Conference                         | 500                 | 930                 | 430                       |
| Life Insurance For Dog                      | 1,500               | 805                 | (695)                     |
| Operating Supplies                          | 500                 | -                   | (500)                     |
| Vehicle Maintenance                         | 1,000               | 386                 | (614)                     |
| <b>TOTAL POLICE K9</b>                      | <b>\$ 9,278</b>     | <b>\$ 4,724</b>     | <b>\$ (4,554)</b>         |
| <b><u>OTHER PUBLIC SAFETY:</u></b>          |                     |                     |                           |
| Earned Salaries & Wages                     | \$ 44,000           | \$ 44,769           | \$ 769                    |
| Social Security                             | 3,366               | 3,424               | 58                        |
| Workermans Compensation                     | 2,826               | 2,826               | -                         |
| Services & Charges                          | 1,000               | 47                  | (953)                     |
| Operating Supplies                          | 250                 | -                   | (250)                     |
| Clothing /Uniforms                          | 1,000               | -                   | (1,000)                   |
| <b>TOTAL OTHER PUBLIC SAFETY</b>            | <b>\$ 52,442</b>    | <b>\$ 51,066</b>    | <b>\$ (1,376)</b>         |
| <b><u>SCHOOL CROSSING GUARDS:</u></b>       |                     |                     |                           |
| Earned Salaries & Wages                     | \$ 5,000            | \$ 5,417            | \$ 417                    |
| Social Security                             | 383                 | 414                 | 31                        |
| Workermans Compensation                     | 273                 | 273                 | -                         |
| Animal Control Services                     | 800                 | 326                 | (474)                     |
| Operating Supplies                          | 700                 | 25                  | (675)                     |
| Bldg Materials/Supplies                     | 50                  | -                   | (50)                      |
| <b>TOTAL SCHOOL CROSSING GUARDS</b>         | <b>\$ 7,206</b>     | <b>\$ 6,456</b>     | <b>\$ (750)</b>           |
| <b><u>FIRE DEPARTMENT:</u></b>              |                     |                     |                           |
| Earned Salaries & Wages                     | \$ 151,237          | \$ 150,937          | \$ (300)                  |
| Leave Salaries & Wages                      | 7,468               | 5,768               | (1,700)                   |
| Overtime                                    | 1,000               | 2,052               | 1,052                     |
| Holiday Pay                                 | 4,925               | 3,030               | (1,895)                   |
| Longevity                                   | 3,500               | 3,550               | 50                        |
| Fire Dental                                 | 1,291               | 1,294               | 3                         |
| Long Term Disability                        | 141                 | 128                 | (13)                      |
| Disability                                  | 165                 | 165                 | (0)                       |
| Vision                                      | 447                 | 410                 | (37)                      |
| Fire Hospitalization                        | 29,341              | 28,021              | (1,320)                   |
| Fire Life Insurance                         | 5,200               | 5,179               | (21)                      |
| Pension Contributions                       | 29,696              | 26,213              | (3,483)                   |
| Social Security                             | 12,862              | 12,648              | (214)                     |
| Workermans Compensation                     | 10,850              | 9,452               | (1,398)                   |
| Electricity (Fire Dept)                     | 14,000              | 17,907              | 3,907                     |
| Fire Dept Hydrant Rentals                   | 45,000              | 42,557              | (2,443)                   |
| Fire Dept Water/Sewage                      | 3,000               | 3,399               | 399                       |
| Fire Telephone                              | 3,500               | 3,011               | (489)                     |
| Fire Services & Charges                     | 1,500               | 1,002               | (498)                     |
| Fire Contr Serv                             | 6,000               | 4,521               | (1,479)                   |
| Vehicle Service Maint.                      | 5,000               | 641                 | (4,359)                   |
| Copier Rental/Supplies                      | -                   | 1,127               | 1,127                     |
| Dues/Subscrip/Membership                    | 500                 | -                   | (500)                     |
| Training/Conference                         | 1,000               | -                   | (1,000)                   |
| Fleet Insurance                             | 10,000              | 9,434               | (566)                     |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                          | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>(OVER)<br/>UNDER<br/>BUDGET</u> |
|------------------------------------------|---------------------|---------------------|------------------------------------|
| <b>FIRE DEPARTMENT (Continued)</b>       |                     |                     |                                    |
| Operating Supplies                       | 1,000               | 748                 | (252)                              |
| Office Supplies                          | 500                 | 32                  | (468)                              |
| Office Equipment                         | 500                 | -                   | (500)                              |
| Cleaning Supplies                        | 500                 | 62                  | (438)                              |
| Clothing & Uniform                       | 3,000               | 108                 | (2,892)                            |
| Household Supplies                       | 500                 | 136                 | (364)                              |
| Vehicle Oil/Fuel                         | 5,000               | 4,563               | (437)                              |
| Repair Main Materials                    | 5,000               | 114                 | (4,886)                            |
| Building Materials/Supply                | 500                 | -                   | (500)                              |
| Vehicle Maintenance                      | 20,000              | 17,965              | (2,035)                            |
| <b>TOTAL FIRE DEPARTMENT</b>             | <b>\$ 384,123</b>   | <b>\$ 356,174</b>   | <b>\$ (27,949)</b>                 |
| <b><u>VOLUNTEERS:</u></b>                |                     |                     |                                    |
| Relief Contribution/State                | \$ 38,500           | \$ 33,416           | \$ (5,084)                         |
| Workermans Compensation                  | 24,733              | 29,753              | 5,020                              |
| Contributions                            | 20,000              | 20,000              | -                                  |
| <b>TOTAL VOLUNTEERS</b>                  | <b>\$ 83,233</b>    | <b>\$ 83,169</b>    | <b>\$ (64)</b>                     |
| <b><u>FIRE &amp; EMS GRANT:</u></b>      |                     |                     |                                    |
| Tools & Equip-Truck                      | \$ -                | \$ 13,645           | \$ 13,645                          |
| <b>TOTAL FIRE &amp; EMS GRANT</b>        | <b>\$ -</b>         | <b>\$ 13,645</b>    | <b>\$ 13,645</b>                   |
| <b><u>CODE ENFORCEMENT:</u></b>          |                     |                     |                                    |
| Earned Salaries & Wages                  | \$ 21,366           | \$ 9,070            | \$ (12,296)                        |
| Social Security                          | 1,634               | 694                 | (940)                              |
| Services & Charges                       | 5,000               | 5,510               | 510                                |
| Engineering                              | 3,000               | -                   | (3,000)                            |
| Contracted Services                      | 5,000               | -                   | (5,000)                            |
| Operating Supplies                       | 500                 | 10                  | (490)                              |
| Office Equipment                         | 150                 | -                   | (150)                              |
| <b>TOTAL CODE ENFORCEMENT</b>            | <b>\$ 36,650</b>    | <b>\$ 15,284</b>    | <b>\$ (21,366)</b>                 |
| <b>TOTAL PUBLIC SAFETY</b>               | <b>\$ 2,637,760</b> | <b>\$ 2,488,469</b> | <b>\$ (149,291)</b>                |
| <b><u>HEALTH AND HUMAN SERVICES:</u></b> |                     |                     |                                    |
| <b><u>HEALTH OFFICER:</u></b>            |                     |                     |                                    |
| Earned Salaries & Wages                  | \$ 3,300            | \$ 3,299            | \$ (1)                             |
| Social Security                          | 252                 | 252                 | 0                                  |
| Workmans Compensation                    | 20                  | 20                  | -                                  |
| <b>TOTAL HEALTH OFFICER</b>              | <b>\$ 3,572</b>     | <b>\$ 3,571</b>     | <b>\$ (1)</b>                      |
| <b>TOTAL HEALTH AND HUMAN SERVICES</b>   | <b>\$ 3,572</b>     | <b>\$ 3,571</b>     | <b>\$ (1)</b>                      |
| <b><u>PUBLIC WORKS:</u></b>              |                     |                     |                                    |
| <b><u>RECYCLING PROGRAM:</u></b>         |                     |                     |                                    |
| Earned Salaries & Wages                  | \$ 4,000.00         | \$ 2,618            | \$ (1,382)                         |
| Social Security                          | 306                 | 200                 | (106)                              |
| Postage and Printing                     | -                   | 1,281               | 1,281                              |
| Recycling Pick Ups                       | 79,170              | 82,215              | 3,045                              |
| Yard Waste Pick Up                       | 21,960              | 17,080              | (4,880)                            |
| Annual Clean Up Collection               | 7,664               | 2,700               | (4,964)                            |
| Contracted Services                      | 2,000               | 2,542               | 542                                |
| Recycling Supplies                       | 9,500               | 6,744               | (2,756)                            |
| <b>TOTAL RECYCLING RPOGRAM</b>           | <b>\$ 124,600</b>   | <b>\$ 115,380</b>   | <b>\$ (9,220)</b>                  |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                     | BUDGET            | ACTUAL            | (OVER)<br>UNDER<br>BUDGET |
|-------------------------------------|-------------------|-------------------|---------------------------|
| <b>ROAD DEPARTMENT:</b>             |                   |                   |                           |
| Earned Salaries & Wages             | \$ 174,089        | \$ 141,828        | \$ (32,261)               |
| Leave Salaries & Wages              | 100,014           | 113,735           | 13,721                    |
| Overtime                            | 7,500             | 16,023            | 8,523                     |
| Longevity                           | 9,600             | 8,900             | (700)                     |
| Roads Dental                        | 12,893            | 12,290            | (603)                     |
| Long Term Disability                | 1,480             | 1,445             | (35)                      |
| Disability                          | -                 | (14)              | (14)                      |
| Road Hospitalization                | 222,684           | 192,823           | (29,861)                  |
| Pension Contributions               | -                 | 17,643            | 17,643                    |
| Social Security                     | 22,277            | 21,384            | (893)                     |
| Workermans Compensation             | 11,000            | 10,032            | (968)                     |
| Electricity (Pwrk Areas)            | 8,500             | 5,481             | (3,019)                   |
| Gas                                 | 8,500             | 4,841             | (3,659)                   |
| Roads Water/Sewage                  | 1,700             | 1,110             | (590)                     |
| Postage & Printing                  | 100               | -                 | (100)                     |
| Radio Equip/Maintenance             | 500               | -                 | (500)                     |
| Police Telephone                    | 2,500             | 2,904             | 404                       |
| Services & Charges (Pkwrk)          | 5,000             | 3,114             | (1,886)                   |
| Engineering & Architect             | 2,500             | 184               | (2,316)                   |
| Roads Contr Serv                    | 2,000             | 336               | (1,664)                   |
| Dues/Subscription/Membership        | 500               | 190               | (310)                     |
| Training/Conference                 | 2,000             | 88                | (1,912)                   |
| Fleet Insurance                     | 6,000             | 5,391             | (609)                     |
| Operating Supplies                  | 3,000             | 316               | (2,684)                   |
| Office Supplies                     | 1,500             | 219               | (1,281)                   |
| Office Equipment                    | 1,000             | -                 | (1,000)                   |
| Cleaning Supplies                   | 350               | -                 | (350)                     |
| Clothing & Uniform                  | 5,500             | 4,748             | (752)                     |
| Household Supplies                  | 250               | 32                | (218)                     |
| Safety Equipment                    | 2,000             | 3                 | (1,997)                   |
| Vehicle Oil/Fuel                    | 12,500            | 14,401            | 1,901                     |
| Repair/Maint Mat/Supply             | 1,000             | 605               | (395)                     |
| Bldg Material/Supplies              | -                 | -                 | -                         |
| Small Tools Minor Equip             | 500               | 150               | (350)                     |
| <b>TOTAL ROAD DEPARTMENT</b>        | <b>\$ 628,937</b> | <b>\$ 580,204</b> | <b>\$ (48,733)</b>        |
| <b>STREET CLEANING:</b>             |                   |                   |                           |
| Earned Salaries & Wages             | \$ 14,000         | \$ 13,570         | \$ (430)                  |
| Overtime                            | 150               | -                 | (150)                     |
| Social Security                     | 1,082             | 1,038             | (44)                      |
| Workermans Compensation             | 2,100             | 2,005             | (95)                      |
| Services & Charges                  | 500               | -                 | (500)                     |
| Street Dept. Disposal               | 15,000            | 537               | (14,463)                  |
| Operating Supplies                  | 500               | -                 | (500)                     |
| Repair/Maint Mat/Supply             | 500               | -                 | (500)                     |
| Machinery/Equipment                 | 500               | -                 | (500)                     |
| <b>TOTAL STREET CLEANING</b>        | <b>\$ 34,332</b>  | <b>\$ 17,151</b>  | <b>\$ (17,182)</b>        |
| <b>SNOW &amp; ICE REMOVAL:</b>      |                   |                   |                           |
| Earned Salaries & Wages             | \$ 52,000         | \$ 22,731         | \$ (29,269)               |
| Overtime                            | 15,000            | 4,639             | (10,361)                  |
| Social Security                     | 5,126             | 2,097             | (3,029)                   |
| Workermans Compensation             | 6,200             | 5,967             | (233)                     |
| Services & Charges                  | 200               | -                 | (200)                     |
| Operating Supplies                  | 300               | 55                | (245)                     |
| Chemical Supplies                   | 75,000            | 70,481            | (4,519)                   |
| Repair/Mat/Supply                   | 5,000             | 3,314             | (1,686)                   |
| <b>TOTAL SNOW &amp; ICE REMOVAL</b> | <b>\$ 158,826</b> | <b>\$ 109,284</b> | <b>\$ (49,542)</b>        |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                      | BUDGET            | ACTUAL           | (OVER)<br>UNDER<br>BUDGET |
|--------------------------------------|-------------------|------------------|---------------------------|
| <b><u>TRAFFIC SIGNAL:</u></b>        |                   |                  |                           |
| Earned Salaries & Wages              | \$ 2,000          | \$ 257           | \$ (1,743)                |
| Overtime                             | 500               | -                | (500)                     |
| Social Security                      | 191               | 20               | (171)                     |
| Workermans Compensation              | 200               | 179              | (21)                      |
| Electricity-Trffc Signals            | 6,500             | 6,306            | (194)                     |
| Telephone-Traffic Signal             | 425               | 541              | 116                       |
| Services & Charges                   | 3,000             | 1,931            | (1,069)                   |
| Traffic Signal Insurance             | 550               | 708              | 158                       |
| Operating Supplies                   | 300               | -                | (300)                     |
| <b>TOTAL SNOW &amp; ICE REMOVAL</b>  | <b>\$ 13,666</b>  | <b>\$ 9,943</b>  | <b>\$ (3,723)</b>         |
| <b><u>STREET LIGHTS:</u></b>         |                   |                  |                           |
| Earned Salaries & Wages              | \$ 12,000         | \$ 3,170         | \$ (8,830)                |
| Street Lights Overtime               | 150               | -                | (150)                     |
| Social Security                      | 929               | 242              | (687)                     |
| Workermans Compensation              | 550               | 508              | (42)                      |
| Electricity-(St. Lights) Signals     | 50,000            | 48,292           | (1,708)                   |
| St. Lights Insurance                 | 4,500             | 4,252            | (248)                     |
| Operating Supplies                   | 5,000             | 3,233            | (1,767)                   |
| Repair Maint Materials               | 200               | 21               | (179)                     |
| <b>TOTAL STREET LIGHTS</b>           | <b>\$ 73,329</b>  | <b>\$ 59,719</b> | <b>\$ (13,610)</b>        |
| <b><u>SIGNS/MARKERS:</u></b>         |                   |                  |                           |
| Earned Salaries & Wages              | \$ 5,000          | \$ 4,972         | \$ (28)                   |
| Overtime                             | 600               | -                | (600)                     |
| Social Security                      | 428               | 380              | (48)                      |
| Workermans Compensation              | 500               | 463              | (37)                      |
| Operating Supplies                   | 700               | 25               | (675)                     |
| Paints/Painting Supplies             | 4,000             | 1,175            | (2,825)                   |
| Signs/Markings/Sidewalks             | 4,000             | 4,323            | 323                       |
| <b>TOTAL SIGNS/MARKERS</b>           | <b>\$ 15,228</b>  | <b>\$ 11,338</b> | <b>\$ (3,890)</b>         |
| <b><u>STORM SEWERS:</u></b>          |                   |                  |                           |
| Earned Salaries & Wages              | \$ 50,000         | \$ 49,408        | \$ (592)                  |
| Overtime                             | 1,700             | 1,204            | (496)                     |
| Social Security                      | 3,955             | 3,872            | (83)                      |
| Contracted Services                  | 4,500             | 3,176            | (1,324)                   |
| Training/Conference                  | 500               | -                | (500)                     |
| Operating Supplies                   | 2,000             | 64               | (1,936)                   |
| Repair Maint Supplies                | 25,000            | 21,556           | (3,444)                   |
| Capital Outlay                       | -                 | -                | -                         |
| <b>TOTAL STORM SEWERS</b>            | <b>\$ 87,655</b>  | <b>\$ 79,281</b> | <b>\$ (8,374)</b>         |
| <b><u>REPAIR TOOLS/MACHINES:</u></b> |                   |                  |                           |
| Earned Salaries & Wages              | \$ 44,690         | \$ 47,643        | \$ 2,953                  |
| Leave Salaries & Wages               | 8,935             | 9,449            | 514                       |
| Overtime                             | 250               | 1,390            | 1,140                     |
| Social Security                      | 4,124             | 4,547            | 423                       |
| Workers Compensation                 | 4,300             | 4,212            | (88)                      |
| Operating Supplies                   | 5,000             | 4,147            | (853)                     |
| Repair Maint Supplies                | 100               | 79               | (21)                      |
| Vehicle Mat/Supplies                 | 35,000            | 15,487           | (19,513)                  |
| Small Tools/Minor Equip              | 1,000             | 168              | (832)                     |
| <b>TOTAL REPAIR TOOLS/MACHINES</b>   | <b>\$ 103,399</b> | <b>\$ 87,122</b> | <b>\$ (16,277)</b>        |



**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                       | <u>BUDGET</u>     | <u>ACTUAL</u>     | <u>(OVER)<br/>UNDER<br/>BUDGET</u> |
|---------------------------------------|-------------------|-------------------|------------------------------------|
| <b><u>ROAD MAINTENANCE:</u></b>       |                   |                   |                                    |
| Eamed Salaries & Wages                | \$ 65,000         | \$ 76,411         | \$ 11,411                          |
| Overtime                              | 3,000             | 3,428             | 428                                |
| Social Security                       | 5,202             | 6,108             | 906                                |
| Workers Compensation                  | 5,200             | 5,056             | (144)                              |
| Services & Charges                    | 1,000             | 5,192             | 4,192                              |
| Engineering & Architect               | 20,000            | 14,722            | (5,278)                            |
| Operating Supplies                    | 2,000             | 730               | (1,270)                            |
| Repair/Maint/Supply                   | 7,000             | 3,145             | (3,855)                            |
| Roads/Traffic Material                | 25,000            | 16,045            | (8,955)                            |
| Small Tools/Minor Equip               | 2,500             | 1,420             | (1,080)                            |
| Capital Outlay                        | -                 | 10,000            | 10,000                             |
| <b>TOTAL ROAD MAINTENANCE</b>         | <b>\$ 135,902</b> | <b>\$ 142,258</b> | <b>\$ 6,356</b>                    |
| <b><u>PARKING OPERATIONS:</u></b>     |                   |                   |                                    |
| Eamed Salaries & Wages                | \$ 15,453         | \$ 12,388         | \$ (3,065)                         |
| Social Security                       | 1,182             | 947               | (235)                              |
| Workers Compensation                  | 1,200             | 1,131             | (69)                               |
| Services & Charges                    | 5,000             | 478               | (4,522)                            |
| Contracted Services                   | 1,000             | -                 | (1,000)                            |
| Operating Supplies                    | 850               | 178               | (672)                              |
| Library Meters (Leased)               | -                 | -                 | -                                  |
| <b>TOTAL PARKING OPERATIONS</b>       | <b>\$ 24,685</b>  | <b>\$ 15,122</b>  | <b>\$ (9,563)</b>                  |
| <b>TOTAL PUBLIC WORKS</b>             | <b>1,400,559</b>  | <b>1,226,798</b>  | <b>(173,761)</b>                   |
| <b><u>CULTURE AND RECREATION:</u></b> |                   |                   |                                    |
| <b><u>COMMUNITY CENTER:</u></b>       |                   |                   |                                    |
| Services and Charges                  | \$ 500            | \$ 178            | \$ (323)                           |
| Contracted Services                   | 1,000             | -                 | (1,000)                            |
| Household Supplies                    | 500               | -                 | (500)                              |
| Repair/Maint Mat/Supply               | 2,000             | 315               | (1,685)                            |
| <b>TOTAL COMMUNITY CENTER</b>         | <b>\$ 4,000</b>   | <b>\$ 493</b>     | <b>\$ (3,507)</b>                  |
| <b><u>PLAYGROUNDS:</u></b>            |                   |                   |                                    |
| Eamed Salaries & Wages                | \$ 6,320          | \$ 5,381          | \$ (939)                           |
| Social Security                       | 483               | 412               | (71)                               |
| Workers Compensation                  | 650               | 592               | (58)                               |
| Playgrounds Services                  | 2,500             | 3,890             | 1,390                              |
| Operating Supplies                    | 1,000             | 655               | (345)                              |
| Repair/Maint/Supply                   | 1,500             | 263               | (1,237)                            |
| Equipment Purchase                    | 1,000             | -                 | (1,000)                            |
| <b>TOTAL PLAYGROUNDS</b>              | <b>\$ 13,453</b>  | <b>\$ 11,193</b>  | <b>\$ (2,260)</b>                  |
| <b><u>SWIMMING POOL:</u></b>          |                   |                   |                                    |
| Eamed Salaries & Wages                | \$ 22,830         | \$ 17,447         | \$ (5,383)                         |
| Pool-Overtime                         | 2,000             | 2,387             | 387                                |
| Social Security                       | 1,899             | 1,517             | (382)                              |
| Workermans Compensation               | 2,100             | 2,004             | (96)                               |
| Swim Pool Utility/ Comm               | 2,000             | -                 | (2,000)                            |
| Electricity-(Pool Area)               | 16,000            | 13,967            | (2,033)                            |
| Gas                                   | -                 | 279               | 279                                |
| Water/Sewage (Pool)                   | 13,000            | 11,674            | (1,326)                            |
| Telephone Charges                     | 450               | 521               | 71                                 |
| Services & Charges (Pool)             | 16,750            | 16,490            | (260)                              |
| Operating Supplies                    | 2,500             | 679               | (1,821)                            |
| Concession Stand Supplies             | 3,000             | 2,135             | (865)                              |
| Chemical Supplies                     | 4,000             | 3,292             | (708)                              |
| Repair Maint Materials                | 8,500             | 5,774             | (2,726)                            |
| Equipment Purchase                    | 10,000            | 7,087             | (2,913)                            |
| <b>TOTAL SWIMMING POOL</b>            | <b>\$ 105,029</b> | <b>\$ 85,252</b>  | <b>\$ (19,777)</b>                 |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                               | BUDGET            | ACTUAL            | (OVER)<br>UNDER<br>BUDGET |
|-----------------------------------------------|-------------------|-------------------|---------------------------|
| <b><u>PARKS:</u></b>                          |                   |                   |                           |
| Earned Salaries & Wages                       | \$ 42,860         | \$ 34,452         | \$ (8,408)                |
| Overtime                                      | 2,000             | 326               | (1,675)                   |
| Social Security                               | 3,432             | 2,661             | (771)                     |
| Workermans Compensation                       | 5,200             | 4,477             | (723)                     |
| Electricity-Parks & Shelter                   | 10,000            | 8,499             | (1,501)                   |
| Water/Sewage (Parks)                          | 4,500             | 4,852             | 352                       |
| Telephone Charges                             | 700               | 675               | (25)                      |
| Services & Charges                            | 8,000             | 6,146             | (1,854)                   |
| Contracted Services                           | -                 | 2,456             | 2,456                     |
| Operating Supplies                            | 6,000             | 812               | (5,188)                   |
| Vehicle Oil/Fuel                              | 5,000             | 1,640             | (3,360)                   |
| Repair Maint Materials                        | 10,000            | 18,170            | 8,170                     |
| Equipment Purchase                            | 1,000             | 257               | (743)                     |
| Vehicle Mat/Supplies                          | 4,000             | 3,275             | (725)                     |
| Small Tools/Minor Equip                       | 3,000             | 663               | (2,337)                   |
| Capital Outlay                                | 5,000             | 6,831             | 1,831                     |
| Capital Outlay                                | -                 | 11,337            | 11,337                    |
| Services & Charges                            | -                 | 6,640             | 6,640                     |
| Engineering                                   | -                 | 4,428             | 4,428                     |
| Operating Supplies                            | -                 | 178               | 178                       |
| Building Material/Supplies                    | -                 | 985               | 985                       |
| Capital Outlay                                | -                 | 4,000             | 4,000                     |
| PGH Circle Grant Services and Charges         | -                 | 1,946             | 1,946                     |
| PGH Circle Grant Operating Supplies           | -                 | 521               | 521                       |
| PGH Circle Grant Repair & Maintenance         | -                 | 10                | 10                        |
| PGH Circle Grant Building Material & Supplies | -                 | 2,482             | 2,482                     |
| PGH Circle Grant Equipment                    | -                 | 196,518           | 196,518                   |
| <b>TOTAL PARKS</b>                            | <b>\$ 110,692</b> | <b>\$ 325,238</b> | <b>\$ 214,546</b>         |
| <b><u>CIVIC CONTRIBUTIONS:</u></b>            |                   |                   |                           |
| Civic Contributions                           | \$ 46,450         | \$ 46,200         | \$ (250)                  |
| Repair Maintenance Matl                       | -                 | 589               | 589                       |
| <b>TOTAL CIVIC CONTRIBUTIONS</b>              | <b>\$ 46,450</b>  | <b>\$ 46,789</b>  | <b>\$ 339</b>             |
| <b>TOTAL CULTURE AND RECREATION</b>           | <b>\$ 279,624</b> | <b>\$ 468,964</b> | <b>\$ 189,340</b>         |
| <b><u>CONSERVATION AND DEVELOPMENT:</u></b>   |                   |                   |                           |
| <b><u>COMMUNITY DEVELOPMENT:</u></b>          |                   |                   |                           |
| Services & Charges                            | \$ 10,000         | \$ 1,591          | \$ (8,409)                |
| Contracted Services                           | 20,000            | 4,000             | (16,000)                  |
| Advertising                                   | 200               | -                 | (200)                     |
| Materials                                     | 100               | 20                | (80)                      |
| Development                                   | 13,565            | 2,307             | (11,259)                  |
| L & N Property Electricity                    | -                 | 7,075             | 7,075                     |
| L & N Property Gas                            | -                 | 9,232             | 9,232                     |
| L & N Property Water                          | -                 | 1,488             | 1,488                     |
| L & N Property Services and Charges           | -                 | 309               | 309                       |
| L & N Property Maintenance Supplies           | -                 | 176               | 176                       |
| L & N Property Earned Wages                   | -                 | 313               | 313                       |
| L & N Property Social Security                | -                 | 24                | 24                        |
| L & N Property Services and Charges           | -                 | 13,449            | 13,449                    |
| L & N Property Contracted Services            | -                 | 303,705           | 303,705                   |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>            | <b>\$ 43,865</b>  | <b>\$ 343,687</b> | <b>\$ 299,822</b>         |

**BOROUGH OF ELLWOOD CITY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                        | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>(OVER)<br/>UNDER<br/>BUDGET</u> |
|--------------------------------------------------------|---------------------|---------------------|------------------------------------|
| <b>GRANT ADMINISTRATION:</b>                           |                     |                     |                                    |
| Services & Charges                                     | \$ -                | \$ 1,600            | \$ 1,600                           |
| <b>TOTAL GRANT ADMINISTRATION</b>                      | <b>\$ -</b>         | <b>\$ 1,600</b>     | <b>\$ 1,600</b>                    |
| <b>FUTURE GRANTS:</b>                                  |                     |                     |                                    |
| Services & Charges                                     | \$ 50,000           | \$ 6,910            | \$ (43,090)                        |
| Professional Services                                  | 5,000               | -                   | (5,000)                            |
| Advertising                                            | 1,500               | 93                  | (1,407)                            |
| <b>TOTAL FUTURE GRANTS</b>                             | <b>\$ 56,500</b>    | <b>\$ 7,003</b>     | <b>\$ (49,497)</b>                 |
| <b>TOTAL CONSERVATION AND DEVELOPMENT</b>              | <b>\$ 100,365</b>   | <b>\$ 352,290</b>   | <b>\$ 251,925</b>                  |
| <b>INSURANCE &amp; MISCELLANEOUS:</b>                  |                     |                     |                                    |
| General Comprehensive                                  | \$ 6,400            | \$ 10,670           | \$ 4,270                           |
| Unemployment Comp                                      | 4,500               | 18,903              | 14,403                             |
| Pension Expense                                        | 205,000             | 229,413             | 24,413                             |
| <b>TOTAL INSURANCE &amp; MISCELLANEOUS</b>             | <b>\$ 215,900</b>   | <b>\$ 258,985</b>   | <b>\$ 43,085</b>                   |
| <b>OTHER FINANCING USES:</b>                           |                     |                     |                                    |
| Refund of Prior Year Receipts                          | \$ -                | \$ 758              | \$ 758                             |
| Trsf to Pgh Circle Grant                               | -                   | 115,797             | 115,797                            |
| Transfer to Sinking Fund                               | 358,573             | 358,573             | (0)                                |
| Transfer to Capital Reserve                            | 125,000             | 125,000             | -                                  |
| Contingency                                            | 90,747              | -                   | (90,747)                           |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ 574,320</b>   | <b>\$ 600,128</b>   | <b>\$ 25,808</b>                   |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 5,618,121</b> | <b>\$ 5,812,529</b> | <b>\$ 194,408</b>                  |

BOROUGH OF ELLWOOD CITY  
 COMBINING BALANCE SHEET - GENERAL FUND  
 DECEMBER 31, 2017

|                                                                           | GENERAL FUND        | POLICE CANINE FUND | POLICE YOUTH FUND | L&N PROPERTY FUND | RECYCLING PROGRAM FUND | GENERAL CAPITAL RESERVE FUND | ECONOMIC DEVELOPMENT FUND | REVOLVING LOAN FUND | PITTSBURGH CIRCLE HERITAGE FUND | PARK IMPROVEMENT FUND | TOTAL               |
|---------------------------------------------------------------------------|---------------------|--------------------|-------------------|-------------------|------------------------|------------------------------|---------------------------|---------------------|---------------------------------|-----------------------|---------------------|
| <b>ASSETS:</b>                                                            |                     |                    |                   |                   |                        |                              |                           |                     |                                 |                       |                     |
| Cash and Cash Equivalents                                                 | \$ 441,003          | \$ 2,040           | \$ 1,662          | \$ 27,709         | \$ 38,269              | \$ -                         | \$ -                      | \$ -                | \$ 449                          | \$ -                  | \$ 511,132          |
| Investments                                                               | 1,059,592           | -                  | -                 | 227,433           | 55,829                 | 254,838                      | 75,024                    | 155,314             | -                               | 42,483                | 1,870,513           |
| Taxes Receivable (Net)                                                    | 430,039             | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 430,039             |
| Accounts Receivable                                                       | 28,552              | -                  | -                 | 219,000           | 11,851                 | -                            | -                         | -                   | -                               | -                     | 258,403             |
| Loans Receivable                                                          | -                   | -                  | -                 | -                 | -                      | -                            | -                         | 55,207              | -                               | -                     | 55,207              |
| Due from Other Governments                                                | -                   | -                  | -                 | -                 | -                      | -                            | -                         | -                   | 50,000                          | -                     | 50,000              |
| Due From Other Funds                                                      | 50,449              | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 50,449              |
| Prepaid Expenses                                                          | 47,977              | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 47,977              |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 2,087,612</b> | <b>\$ 2,040</b>    | <b>\$ 1,662</b>   | <b>\$ 474,142</b> | <b>\$ 105,949</b>      | <b>\$ 254,838</b>            | <b>\$ 75,024</b>          | <b>\$ 210,521</b>   | <b>\$ 50,449</b>                | <b>\$ 42,483</b>      | <b>\$ 3,274,720</b> |
| <b>LIABILITIES:</b>                                                       |                     |                    |                   |                   |                        |                              |                           |                     |                                 |                       |                     |
| Accounts Payable                                                          | \$ 50,517           | \$ -               | \$ -              | \$ 1,377          | \$ 6,999               | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 58,893           |
| Payroll Payable                                                           | 75,333              | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 75,333              |
| Payroll Withholding                                                       | 8,490               | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 8,490               |
| Due to Other Funds                                                        | -                   | -                  | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | -                   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 134,340</b>   | <b>\$ -</b>        | <b>\$ -</b>       | <b>\$ 1,377</b>   | <b>\$ 6,999</b>        | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ 50,449</b>                | <b>\$ -</b>           | <b>\$ 193,166</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                     |                    |                   |                   |                        |                              |                           |                     |                                 |                       |                     |
| Delinquent Real Estate Taxes                                              | \$ 250,016          | \$ -               | \$ -              | \$ -              | \$ -                   | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 250,016          |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 250,016</b>   | <b>\$ -</b>        | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>            | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ -</b>                     | <b>\$ -</b>           | <b>\$ 250,016</b>   |
| <b>FUND BALANCES:</b>                                                     |                     |                    |                   |                   |                        |                              |                           |                     |                                 |                       |                     |
| Nonspendable                                                              | \$ 47,977           | \$ -               | \$ -              | \$ -              | \$ -                   | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 47,977           |
| Committed                                                                 | -                   | -                  | -                 | 472,765           | -                      | -                            | -                         | -                   | -                               | -                     | 472,765             |
| Assigned                                                                  | 1,625,279           | 2,040              | 1,662             | -                 | -                      | 254,838                      | 75,024                    | 210,521             | -                               | 42,483                | 1,724,229           |
| Unassigned                                                                | -                   | -                  | -                 | -                 | 98,950                 | -                            | -                         | -                   | -                               | -                     | 98,950              |
| <b>TOTAL FUND BALANCES</b>                                                | <b>\$ 1,873,266</b> | <b>\$ 2,040</b>    | <b>\$ 1,662</b>   | <b>\$ 472,765</b> | <b>\$ 98,950</b>       | <b>\$ 254,838</b>            | <b>\$ 75,024</b>          | <b>\$ 210,521</b>   | <b>\$ -</b>                     | <b>\$ 42,483</b>      | <b>\$ 2,031,639</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 2,087,612</b> | <b>\$ 2,040</b>    | <b>\$ 1,662</b>   | <b>\$ 474,142</b> | <b>\$ 105,949</b>      | <b>\$ 254,838</b>            | <b>\$ 75,024</b>          | <b>\$ 210,521</b>   | <b>\$ 50,449</b>                | <b>\$ 42,483</b>      | <b>\$ 3,274,720</b> |

**BOROUGH OF ELLWOOD CITY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                   | GENERAL FUND        | POLICE CANINE FUND | POLICE YOUTH FUND | POLICE FUND       | L&N PROPERTY FUND | RECYCLING PROGRAM FUND | GENERAL CAPITAL RESERVE FUND | ECONOMIC DEVELOPMENT FUND | REVOLVING LOAN FUND | PITTSBURGH CIRCLE HERITAGE FUND | PARK IMPROVEMENT FUND | TOTAL        |
|---------------------------------------------------|---------------------|--------------------|-------------------|-------------------|-------------------|------------------------|------------------------------|---------------------------|---------------------|---------------------------------|-----------------------|--------------|
| <b>REVENUES:</b>                                  |                     |                    |                   |                   |                   |                        |                              |                           |                     |                                 |                       |              |
| Taxes                                             | \$ 3,177,702        | \$ -               | \$ -              | \$ -              | \$ -              | \$ -                   | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 3,177,702 |
| Licenses and Permits                              | 100,183             | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 100,183      |
| Fines and Forfeitures                             | 53,295              | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 53,295       |
| Interest and Rents                                | 17,955              | 1                  | 2                 | 20,407            | 857               | 2,868                  | 1,234                        | 4,219                     | -                   | -                               | 22,161                | 89,712       |
| Intergovernmental                                 | 295,130             | -                  | -                 | -                 | 11,632            | -                      | -                            | -                         | -                   | 50,000                          | -                     | 356,762      |
| Charges for Services                              | 237,074             | 300                | -                 | -                 | 5,688             | 122,564                | -                            | -                         | -                   | -                               | 10,458                | 375,794      |
| Contributions from Private Sources                | -                   | -                  | -                 | -                 | 200,000           | -                      | 11,295                       | -                         | -                   | -                               | -                     | 211,595      |
| <b>TOTAL REVENUES</b>                             | <b>\$ 3,861,319</b> | <b>\$ 301</b>      | <b>\$ 2</b>       | <b>\$ 226,098</b> | <b>\$ 135,063</b> | <b>\$ 14,181</b>       | <b>\$ 1,234</b>              | <b>\$ 4,219</b>           | <b>\$ 60,910</b>    | <b>\$ 32,819</b>                | <b>\$ 4,345,013</b>   |              |
| <b>EXPENDITURES:</b>                              |                     |                    |                   |                   |                   |                        |                              |                           |                     |                                 |                       |              |
| General Government                                | \$ 413,324          | \$ -               | \$ -              | \$ -              | \$ -              | \$ -                   | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 413,324   |
| Public Safety - Police                            | 1,921,657           | -                  | 688               | -                 | -                 | 40,808                 | -                            | -                         | -                   | -                               | -                     | 1,969,131    |
| Public Safety - Fire                              | 452,988             | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 452,988      |
| Public Safety - Other                             | 66,350              | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 66,350       |
| Health and Human Services                         | 3,571               | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 3,571        |
| Public Works - Sanitation                         | -                   | -                  | -                 | -                 | -                 | 115,380                | -                            | -                         | -                   | -                               | -                     | 115,380      |
| Public Works - Highways and Streets               | 1,111,418           | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 1,111,418    |
| Culture and Recreation                            | 239,918             | -                  | -                 | -                 | -                 | -                      | 11,337                       | -                         | -                   | -                               | -                     | 251,255      |
| Conservation and Development                      | 16,521              | -                  | -                 | 335,789           | -                 | -                      | -                            | -                         | -                   | 201,478                         | 16,231                | 468,964      |
| Unallocated Insurance and Benefits                | 258,965             | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | 258,965      |
| <b>TOTAL EXPENDITURES</b>                         | <b>\$ 4,484,732</b> | <b>\$ -</b>        | <b>\$ 688</b>     | <b>\$ 335,789</b> | <b>\$ 115,380</b> | <b>\$ 60,143</b>       | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ 201,478</b>   | <b>\$ 16,231</b>                | <b>\$ 5,212,401</b>   |              |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                     |                    |                   |                   |                   |                        |                              |                           |                     |                                 |                       |              |
| Sale of Borough Property                          | \$ -                | \$ -               | \$ -              | \$ 384,776        | \$ -              | \$ -                   | \$ -                         | \$ -                      | \$ -                | \$ -                            | \$ -                  | \$ 384,776   |
| Refund of Prior Year Revenues                     | (758)               | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | (758)        |
| Operating Transfers In                            | 1,450,000           | -                  | -                 | -                 | -                 | 125,000                | -                            | -                         | -                   | 115,797                         | -                     | 1,690,797    |
| Operating Transfers (Out)                         | (485,573)           | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | (103,797)             | (599,370)    |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <b>\$ 863,689</b>   | <b>\$ -</b>        | <b>\$ -</b>       | <b>\$ 384,776</b> | <b>\$ -</b>       | <b>\$ 125,000</b>      | <b>\$ -</b>                  | <b>\$ -</b>               | <b>\$ 115,797</b>   | <b>\$ (103,797)</b>             | <b>\$ 1,475,446</b>   |              |
| <b>NET CHANGES IN FUND BALANCES</b>               | <b>\$ 350,266</b>   | <b>\$ 301</b>      | <b>\$ (686)</b>   | <b>\$ 274,102</b> | <b>\$ 19,673</b>  | <b>\$ 61,018</b>       | <b>\$ 1,234</b>              | <b>\$ 4,219</b>           | <b>\$ (35,671)</b>  | <b>\$ (87,409)</b>              | <b>\$ 808,067</b>     |              |
| FUND BALANCE - January 1, 2017                    | 1,597,209           | 1,739              | 2,328             | 197,663           | 79,277            | 173,820                | 73,790                       | 206,302                   | 35,671              | 129,892                         | 2,497,691             |              |
| Prior Period Adjustment                           | (274,209)           | -                  | -                 | -                 | -                 | -                      | -                            | -                         | -                   | -                               | -                     | (274,209)    |
| <b>FUND BALANCE - December 31, 2017 (Deficit)</b> | <b>\$ 1,673,266</b> | <b>\$ 2,040</b>    | <b>\$ 1,642</b>   | <b>\$ 472,765</b> | <b>\$ 98,950</b>  | <b>\$ 254,838</b>      | <b>\$ 75,024</b>             | <b>\$ 210,521</b>         | <b>\$ -</b>         | <b>\$ 42,483</b>                | <b>\$ 2,831,839</b>   |              |

**BOROUGH OF ELLWOOD CITY  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

|                                            | HIGHWAY AID FUND  | DRUG INVESTIGATION FUND | MARCELLUS SHALE FUND | ANIMAL GUARDIAN FUND | SUMMER FOOD PROGRAM FUND | KEYSTONE COMMUNITY GRANT FUND | TOTAL             |
|--------------------------------------------|-------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------------|-------------------|
| Cash and Cash Equivalents                  | \$ -              | \$ 642                  | \$ 20,585            | \$ 1,727             | \$ 1,923                 | \$ -                          | \$ 24,877         |
| Investments                                | \$ 119,629        | \$ 35,266               | \$ 252,370           | -                    | -                        | -                             | \$ 407,265        |
| <b>TOTAL ASSETS</b>                        | <b>\$ 119,629</b> | <b>\$ 35,908</b>        | <b>\$ 272,955</b>    | <b>\$ 1,727</b>      | <b>\$ 1,923</b>          | <b>\$ -</b>                   | <b>\$ 432,142</b> |
| Accounts Payable                           | \$ -              | \$ -                    | \$ 550               | \$ -                 | \$ -                     | \$ -                          | \$ 550            |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ -</b>       | <b>\$ -</b>             | <b>\$ 550</b>        | <b>\$ -</b>          | <b>\$ -</b>              | <b>\$ -</b>                   | <b>\$ 550</b>     |
| Restricted Assigned                        | \$ 119,629        | \$ -                    | \$ -                 | \$ -                 | \$ -                     | \$ -                          | \$ 119,629        |
| <b>TOTAL FUND BALANCES</b>                 | <b>\$ 119,629</b> | <b>\$ 35,908</b>        | <b>\$ 272,405</b>    | <b>\$ 1,727</b>      | <b>\$ 1,923</b>          | <b>\$ -</b>                   | <b>\$ 311,983</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 119,629</b> | <b>\$ 35,908</b>        | <b>\$ 272,955</b>    | <b>\$ 1,727</b>      | <b>\$ 1,923</b>          | <b>\$ -</b>                   | <b>\$ 432,142</b> |

**BOROUGH OF ELLWOOD CITY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                             | HIGHWAY<br>AID<br>FUND | DRUG<br>INVESTIGATION<br>FUND | MARCELLUS<br>SHALE<br>FUND | ANIMAL<br>GUARDIAN<br>FUND | SUMMER<br>FOOD<br>PROGRAM<br>FUND | KEYSTONE<br>COMMUNITY<br>GRANT FUND | TOTAL               |
|---------------------------------------------|------------------------|-------------------------------|----------------------------|----------------------------|-----------------------------------|-------------------------------------|---------------------|
| <b>REVENUES:</b>                            |                        |                               |                            |                            |                                   |                                     |                     |
| Fines and Forfeitures                       | \$ -                   | \$ 2,156                      | \$ -                       | \$ -                       | \$ -                              | \$ -                                | \$ 2,156            |
| Interest                                    | 2,351                  | 504                           | 2,392                      | 2                          | -                                 | -                                   | 5,249               |
| Intergovernmental                           | 254,568                | -                             | 10,614                     | -                          | 4,281                             | -                                   | 269,463             |
| <b>TOTAL REVENUES</b>                       | <b>\$ 256,919</b>      | <b>\$ 2,660</b>               | <b>\$ 13,006</b>           | <b>\$ 2</b>                | <b>\$ 4,281</b>                   | <b>\$ -</b>                         | <b>\$ 276,868</b>   |
| <b>EXPENDITURES:</b>                        |                        |                               |                            |                            |                                   |                                     |                     |
| Public Safety - Police                      | \$ -                   | \$ 3,082                      | \$ -                       | \$ -                       | \$ -                              | \$ -                                | \$ 3,082            |
| Public Works                                | 184,500                | -                             | -                          | -                          | -                                 | -                                   | 184,500             |
| Culture and Recreation                      | -                      | -                             | 27,525                     | -                          | -                                 | -                                   | 27,525              |
| Conservation and Development                | -                      | -                             | -                          | -                          | 3,920                             | -                                   | 3,920               |
| <b>TOTAL EXPENDITURES</b>                   | <b>\$ 184,500</b>      | <b>\$ 3,082</b>               | <b>\$ 27,525</b>           | <b>\$ -</b>                | <b>\$ 3,920</b>                   | <b>\$ -</b>                         | <b>\$ 219,027</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                        |                               |                            |                            |                                   |                                     |                     |
| Refund of Prior Year Revenues               | \$ -                   | \$ -                          | \$ -                       | \$ -                       | \$ -                              | \$ (155,580)                        | \$ (155,580)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>\$ -</b>            | <b>\$ -</b>                   | <b>\$ -</b>                | <b>\$ -</b>                | <b>\$ -</b>                       | <b>\$ (155,580)</b>                 | <b>\$ (155,580)</b> |
| <b>NET CHANGES IN FUND BALANCES</b>         | <b>\$ 72,419</b>       | <b>\$ (422)</b>               | <b>\$ (14,519)</b>         | <b>\$ 2</b>                | <b>\$ 361</b>                     | <b>\$ (155,580)</b>                 | <b>\$ (97,739)</b>  |
| FUND BALANCE - January 1, 2017              | 47,210                 | 36,330                        | 286,924                    | 1,725                      | 1,562                             | 155,580                             | 529,331             |
| <b>FUND BALANCE - December 31, 2017</b>     | <b>\$ 119,629</b>      | <b>\$ 35,908</b>              | <b>\$ 272,405</b>          | <b>\$ 1,727</b>            | <b>\$ 1,923</b>                   | <b>\$ -</b>                         | <b>\$ 431,692</b>   |

**BOROUGH OF ELLWOOD CITY**  
**COMBINING BALANCE SHEET**  
**SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                              | SEWAGE<br>RENTAL FUND | SEWAGE<br>COLLECTION<br>FUND | CAPITAL<br>RESERVE FUND | TOTAL                |
|----------------------------------------------|-----------------------|------------------------------|-------------------------|----------------------|
| <b>ASSETS</b>                                |                       |                              |                         |                      |
| <b>Current Assets:</b>                       |                       |                              |                         |                      |
| Cash and Cash Equivalents                    | \$ 369,282            | \$ -                         | \$ 32,010               | \$ 401,292           |
| Investments                                  | 657,989               | 1,159,851                    | 252,805                 | 2,070,645            |
| Utility Receivables (Net of Allowance)       | 9,429                 | -                            | -                       | 9,429                |
| Accrued Utility Charges                      | 124,359               | -                            | -                       | 124,359              |
| Other Accounts Receivable                    | 53,158                | -                            | 8,063                   | 61,221               |
| <b>Total Current Assets</b>                  | <b>\$ 1,214,217</b>   | <b>\$ 1,159,851</b>          | <b>\$ 292,878</b>       | <b>\$ 2,666,946</b>  |
| <b>Noncurrent Assets:</b>                    |                       |                              |                         |                      |
| <b>Capital Assets:</b>                       |                       |                              |                         |                      |
| Land Improvements                            | \$ 107,951            | \$ -                         | \$ -                    | \$ 107,951           |
| Buildings                                    | 3,012,908             | -                            | 5,866                   | 3,018,774            |
| Sewage Treatment Plant                       | -                     | 18,157,679                   | -                       | 18,157,679           |
| Equipment                                    | 1,999,394             | 268,328                      | -                       | 2,267,722            |
| Vehicles                                     | 236,440               | -                            | -                       | 236,440              |
| Distribution Lines                           | 207,603               | 450,886                      | -                       | 658,489              |
| Work in Progress                             | -                     | 100,553                      | -                       | 100,553              |
| Accumulated Depreciation                     | (9,054,218)           | -                            | -                       | (9,054,218)          |
| <b>Total Capital Assets</b>                  | <b>\$ (3,489,922)</b> | <b>\$ 18,977,446</b>         | <b>\$ 5,866</b>         | <b>\$ 15,493,390</b> |
| <b>TOTAL ASSETS</b>                          | <b>\$ (2,275,705)</b> | <b>\$ 20,137,297</b>         | <b>\$ 298,744</b>       | <b>\$ 18,160,336</b> |
| <b>LIABILITIES</b>                           |                       |                              |                         |                      |
| <b>Current Liabilities:</b>                  |                       |                              |                         |                      |
| Accounts Payable                             | \$ 41,226             | \$ 432                       | \$ -                    | \$ 41,658            |
| Payroll Payable                              | 21,933                | -                            | -                       | 21,933               |
| Vacation Payable                             | 22,764                | -                            | -                       | 22,764               |
| Other Current Liabilities                    | 43,974                | -                            | -                       | 43,974               |
| Current Portion Long-Term Debt               | -                     | 750,885                      | -                       | 750,885              |
| <b>Total Current Liabilities</b>             | <b>\$ 129,897</b>     | <b>\$ 751,317</b>            | <b>\$ -</b>             | <b>\$ 881,214</b>    |
| <b>Noncurrent Liabilities:</b>               |                       |                              |                         |                      |
| Notes Payable (PENNVEST) - Long term portion | \$ -                  | \$ 11,339,985                | \$ -                    | \$ 11,339,985        |
| Compensated Absences                         | 36,986                | -                            | -                       | 36,986               |
| <b>Total Noncurrent Liabilities</b>          | <b>\$ 36,986</b>      | <b>\$ 11,339,985</b>         | <b>\$ -</b>             | <b>\$ 11,376,971</b> |
| <b>TOTAL LIABILITIES</b>                     | <b>\$ 166,883</b>     | <b>\$ 12,091,302</b>         | <b>\$ -</b>             | <b>\$ 12,258,185</b> |
| <b>NET POSITION</b>                          |                       |                              |                         |                      |
| Net Investment in Capital Assets (Deficit)   | \$ (3,489,922)        | \$ 6,886,576                 | \$ 5,866                | \$ 3,402,520         |
| Unrestricted                                 | 1,047,334             | 1,159,419                    | 292,878                 | 2,499,631            |
| <b>TOTAL NET POSITION (Deficit)</b>          | <b>\$ (2,442,588)</b> | <b>\$ 8,045,995</b>          | <b>\$ 298,744</b>       | <b>\$ 5,902,151</b>  |
| <b>TOTAL LIABILITIES AND NET POSITION</b>    | <b>\$ (2,275,705)</b> | <b>\$ 20,137,297</b>         | <b>\$ 298,744</b>       | <b>\$ 18,160,336</b> |



**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                    | SEWAGE<br>RENTAL FUND | SEWAGE<br>COLLECTION<br>FUND | CAPITAL<br>RESERVE FUND | TOTAL               |
|----------------------------------------------------|-----------------------|------------------------------|-------------------------|---------------------|
| <b>OPERATING REVENUES:</b>                         |                       |                              |                         |                     |
| Charges for Services                               | \$ 2,095,983          | \$ -                         | \$ 48,376               | \$ 2,144,359        |
| Miscellaneous Revenue                              | 2,363                 | -                            | -                       | 2,363               |
| <b>Total Operating Revenues</b>                    | <b>\$ 2,098,346</b>   | <b>\$ -</b>                  | <b>\$ 48,376</b>        | <b>\$ 2,146,722</b> |
| <b>OPERATING EXPENSES:</b>                         |                       |                              |                         |                     |
| Administration                                     | \$ 97,625             | \$ -                         | \$ -                    | \$ 97,625           |
| Billing and Collection                             | 89,318                | -                            | -                       | 89,318              |
| Operations                                         | 959,657               | 87,853                       | -                       | 1,047,510           |
| Depreciation                                       | 541,060               | -                            | -                       | 541,060             |
| <b>Total Operating Expenses</b>                    | <b>\$ 1,687,660</b>   | <b>\$ 87,853</b>             | <b>\$ -</b>             | <b>\$ 1,775,513</b> |
| <b>TOTAL OPERATING INCOME &lt;LOSS&gt;</b>         | <b>\$ 410,686</b>     | <b>\$ (87,853)</b>           | <b>\$ 48,376</b>        | <b>\$ 371,209</b>   |
| <b>NON-OPERATING REVENUE &lt;EXPENSE&gt;:</b>      |                       |                              |                         |                     |
| Interest Income                                    | \$ 8,214              | \$ 13,425                    | \$ 1,303                | \$ 22,942           |
| Sale of Assets                                     | 500                   | -                            | -                       | 500                 |
| Refund of Prior Year Expenses                      | 7,953                 | -                            | -                       | 7,953               |
| Refund of Prior Year Receipts                      | (3,539)               | -                            | -                       | (3,539)             |
| Interest Expense                                   | (124,942)             | -                            | -                       | (124,942)           |
| <b>TOTAL NON-OPERATING REVENUE &lt;EXPENSE&gt;</b> | <b>\$ (111,814)</b>   | <b>\$ 13,425</b>             | <b>\$ 1,303</b>         | <b>\$ (97,086)</b>  |
| <b>INCOME &lt;LOSS&gt; BEFORE TRANSFERS</b>        | <b>\$ 298,872</b>     | <b>\$ (74,428)</b>           | <b>\$ 49,679</b>        | <b>\$ 274,123</b>   |
| Transfers                                          | (781,332)             | 781,332                      | -                       | -                   |
| <b>CHANGES IN NET POSITION</b>                     | <b>\$ (482,460)</b>   | <b>\$ 706,904</b>            | <b>\$ 49,679</b>        | <b>\$ 274,123</b>   |
| NET POSITION - JANUARY 1, 2017 (Deficit)           | (1,960,128)           | 7,339,091                    | 249,065                 | 5,628,028           |
| <b>NET POSITION - DECEMBER 31, 2017 (Deficit)</b>  | <b>\$ (2,442,588)</b> | <b>\$ 8,045,995</b>          | <b>\$ 298,744</b>       | <b>\$ 5,902,151</b> |

**BOROUGH OF ELLWOOD CITY  
COMBINING BALANCE SHEET  
ELECTRIC FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                           | <b>ELECTRIC<br/>LIGHT<br/>FUND</b> | <b>ELECTRIC<br/>METER<br/>FUND</b> | <b>CAPITAL<br/>RESERVE<br/>FUND</b> | <b>TOTAL</b>        |
|-------------------------------------------|------------------------------------|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                             |                                    |                                    |                                     |                     |
| <b>Current Assets:</b>                    |                                    |                                    |                                     |                     |
| Cash and Cash Equivalents                 | \$ 1,113,917                       | \$ 61,187                          | \$ -                                | \$ 1,175,104        |
| Investments                               | 2,023,061                          | 102,222                            | 650,407                             | 2,775,690           |
| Utility Receivables (Net of Allowance)    | 130,093                            | -                                  | -                                   | 130,093             |
| Accrued Utility Charges                   | 582,595                            | -                                  | -                                   | 582,595             |
| Other Accounts Receivable                 | 18,348                             | -                                  | -                                   | 18,348              |
| Prepaid Expenses                          | 2,920                              | -                                  | -                                   | 2,920               |
| <b>Total Current Assets</b>               | <b>\$ 3,870,934</b>                | <b>\$ 163,409</b>                  | <b>\$ 650,407</b>                   | <b>\$ 4,684,750</b> |
| <b>Noncurrent Assets:</b>                 |                                    |                                    |                                     |                     |
| Buildings                                 | \$ 1,451,273                       | \$ -                               | \$ -                                | \$ 1,451,273        |
| Equipment                                 | 2,040,884                          | -                                  | 80,204                              | 2,121,088           |
| Vehicles                                  | 519,166                            | -                                  | 75,519                              | 594,685             |
| Distribution Lines                        | 2,034,686                          | -                                  | 228,377                             | 2,263,063           |
| Substation                                | 1,825,102                          | -                                  | 68,873                              | 1,893,975           |
| Accumulated Depreciation                  | (6,124,387)                        | -                                  | -                                   | (6,124,387)         |
| <b>Total Noncurrent Assets</b>            | <b>\$ 1,746,724</b>                | <b>\$ -</b>                        | <b>\$ 452,973</b>                   | <b>\$ 2,199,697</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$ 5,617,658</b>                | <b>\$ 163,409</b>                  | <b>\$ 1,103,380</b>                 | <b>\$ 6,884,447</b> |
| <b>LIABILITIES</b>                        |                                    |                                    |                                     |                     |
| <b>Current Liabilities:</b>               |                                    |                                    |                                     |                     |
| Accounts Payable                          | \$ 416,308                         | \$ -                               | \$ -                                | \$ 416,308          |
| Payroll Payable                           | 21,576                             | -                                  | -                                   | 21,576              |
| Vacation Payable                          | 14,089                             | -                                  | -                                   | 14,089              |
| Security Deposit Payable                  | -                                  | 124,120                            | -                                   | 124,120             |
| Accrued Interest Payable                  | 9,257                              | -                                  | -                                   | 9,257               |
| Other Current Liabilities                 | 14,862                             | -                                  | -                                   | 14,862              |
| Current Portion Long-Term Debt            | 180,000                            | -                                  | -                                   | 180,000             |
| <b>Total Current Liabilities</b>          | <b>\$ 656,092</b>                  | <b>\$ 124,120</b>                  | <b>\$ -</b>                         | <b>\$ 780,212</b>   |
| <b>Noncurrent Liabilities:</b>            |                                    |                                    |                                     |                     |
| Bonds Payable - Long term portion         | \$ 3,560,000                       | \$ -                               | \$ -                                | \$ 3,560,000        |
| Unamortized Bond Discount                 | (14,360)                           | -                                  | -                                   | (14,360)            |
| Compensated Absences                      | 46,068                             | -                                  | -                                   | 46,068              |
| <b>Total Noncurrent Liabilities</b>       | <b>\$ 3,591,708</b>                | <b>\$ -</b>                        | <b>\$ -</b>                         | <b>\$ 3,591,708</b> |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 4,247,800</b>                | <b>\$ 124,120</b>                  | <b>\$ -</b>                         | <b>\$ 4,371,920</b> |
| <b>NET POSITION</b>                       |                                    |                                    |                                     |                     |
| Net Investment in Capital Assets          | \$ 250,994                         | \$ -                               | \$ 452,972                          | \$ 703,966          |
| Unrestricted                              | 1,118,864                          | 39,289                             | 650,408                             | 1,808,561           |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 1,369,858</b>                | <b>\$ 39,289</b>                   | <b>\$ 1,103,380</b>                 | <b>\$ 2,512,527</b> |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 5,617,658</b>                | <b>\$ 163,409</b>                  | <b>\$ 1,103,380</b>                 | <b>\$ 6,884,447</b> |

**BOROUGH OF ELLWOOD CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ELECTRIC FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                                      | <u>ELECTRIC<br/>LIGHT FUND</u> | <u>ELECTRIC<br/>METER<br/>FUND</u> | <u>CAPITAL<br/>RESERVE<br/>FUND</u> | <u>TOTAL</u>          |
|------------------------------------------------------|--------------------------------|------------------------------------|-------------------------------------|-----------------------|
| <b><u>OPERATING REVENUES:</u></b>                    |                                |                                    |                                     |                       |
| Charges for Services                                 | \$ 6,882,764                   | \$ -                               | \$ -                                | \$ 6,882,764          |
| Miscellaneous Revenue                                | 6,107                          | -                                  | -                                   | 6,107                 |
| <b>Total Operating Revenues</b>                      | <b>\$ 6,888,871</b>            | <b>\$ -</b>                        | <b>\$ -</b>                         | <b>\$ 6,888,871</b>   |
| <b><u>OPERATING EXPENSES:</u></b>                    |                                |                                    |                                     |                       |
| Administration                                       | \$ 95,666                      | \$ -                               | \$ -                                | \$ 95,666             |
| Billing and Collection                               | 217,667                        | -                                  | -                                   | 217,667               |
| Operations                                           | 5,194,443                      | -                                  | 20,632                              | 5,215,075             |
| Depreciation                                         | 200,612                        | -                                  | -                                   | 200,612               |
| <b>Total Operating Expenses</b>                      | <b>\$ 5,708,388</b>            | <b>\$ -</b>                        | <b>\$ 20,632</b>                    | <b>\$ 5,729,020</b>   |
| <b>TOTAL OPERATING INCOME &lt;LOSS&gt;</b>           | <b>\$ 1,180,483</b>            | <b>\$ -</b>                        | <b>\$ (20,632)</b>                  | <b>\$ 1,159,851</b>   |
| <b><u>NON-OPERATING REVENUE &lt;EXPENSE&gt;:</u></b> |                                |                                    |                                     |                       |
| Interest and Rent Income                             | \$ 18,720                      | \$ 956                             | \$ 7,307                            | \$ 26,983             |
| Sale of Assets                                       | 2,910                          | -                                  | -                                   | 2,910                 |
| Refund of Prior Year Receipts                        | (3,317)                        | -                                  | -                                   | (3,317)               |
| Bond Issue and Other Refinancing Costs               | (94,481)                       | -                                  | -                                   | (94,481)              |
| Interest Expense                                     | (75,726)                       | -                                  | -                                   | (75,726)              |
| <b>TOTAL NON-OPERATING REVENUE &lt;EXPENSE&gt;</b>   | <b>\$ (151,894)</b>            | <b>\$ 956</b>                      | <b>\$ 7,307</b>                     | <b>\$ (143,631)</b>   |
| <b>INCOME &lt;LOSS&gt; BEFORE TRANSFERS</b>          | <b>\$ 1,028,589</b>            | <b>\$ 956</b>                      | <b>\$ (13,325)</b>                  | <b>\$ 1,016,220</b>   |
| <b><u>TRANSFERS:</u></b>                             |                                |                                    |                                     |                       |
| Transfer to General Fund                             | \$ (1,450,000)                 | \$ -                               | \$ -                                | \$ (1,450,000)        |
| Transfer to Capital Project Fund                     | (33,273)                       | -                                  | -                                   | (33,273)              |
| Interfund Transfers                                  | (47,670)                       | -                                  | 47,670                              | -                     |
| <b>TOTAL TRANSFERS</b>                               | <b>\$ (1,530,943)</b>          | <b>\$ -</b>                        | <b>\$ 47,670</b>                    | <b>\$ (1,483,273)</b> |
| <b>CHANGES IN NET POSITION</b>                       | <b>\$ (502,354)</b>            | <b>\$ 956</b>                      | <b>\$ 34,345</b>                    | <b>\$ (467,053)</b>   |
| <b>NET POSITION - JANUARY 1, 2017</b>                | <b>1,872,212</b>               | <b>38,333</b>                      | <b>1,069,035</b>                    | <b>2,979,580</b>      |
| <b>NET POSITION - DECEMBER 31, 2017</b>              | <b>\$ 1,369,858</b>            | <b>\$ 39,289</b>                   | <b>\$ 1,103,380</b>                 | <b>\$ 2,512,527</b>   |

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                                        | <u>12/31/2017</u>   | <u>12/31/2016</u>   | <u>12/31/2015</u>   | <u>12/31/2014</u>   |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability-beginning</b>                               | \$ 9,109,762        | \$ 8,972,000        | \$ 8,584,409        | \$ 7,850,243        |
| Service Cost                                                           | 135,341             | 121,337             | 112,872             | 139,814             |
| Interest                                                               | 672,505             | 662,394             | 634,569             | 618,375             |
| Actual (gain)/loss                                                     | -                   | (244,471)           | -                   | (64,026)            |
| Assumption (gain)/loss                                                 | -                   | -                   | -                   | 420,932             |
| Differences between expected & actual experience                       | -                   | -                   | -                   | -                   |
| Benefit payments                                                       | (421,392)           | (401,498)           | (359,850)           | (380,929)           |
| <b>Net change in total pension liability</b>                           | <u>\$ 386,454</u>   | <u>\$ 137,762</u>   | <u>\$ 387,591</u>   | <u>\$ 734,166</u>   |
| <b>Total pension liability-ending</b>                                  | <u>\$ 9,496,216</u> | <u>\$ 9,109,762</u> | <u>\$ 8,972,000</u> | <u>\$ 8,584,409</u> |
| <br>                                                                   |                     |                     |                     |                     |
| <b>Plan fiduciary net position-beginning</b>                           | \$ 6,820,061        | \$ 6,347,540        | \$ 6,489,161        | \$ 6,327,902        |
| Contributions-employer                                                 | 488,064             | 424,572             | 291,185             | 229,079             |
| Contributions-member                                                   | 30,514              | 31,702              | 27,796              | 30,398              |
| Net investment income                                                  | 872,313             | 431,761             | (67,394)            | 304,125             |
| Benefit payments                                                       | (421,392)           | (401,498)           | (359,850)           | (380,929)           |
| Administrative expense                                                 | (12,055)            | (5,175)             | (12,250)            | (1,925)             |
| Other                                                                  | (5,562)             | (8,841)             | (21,108)            | (19,489)            |
| <b>Change in plan fiduciary net position</b>                           | <u>\$ 951,882</u>   | <u>\$ 472,521</u>   | <u>\$ (141,621)</u> | <u>\$ 161,259</u>   |
| <br>                                                                   |                     |                     |                     |                     |
| <b>Plan fiduciary net position-ending</b>                              | <u>\$ 7,771,943</u> | <u>\$ 6,820,061</u> | <u>\$ 6,347,540</u> | <u>\$ 6,489,161</u> |
| <br>                                                                   |                     |                     |                     |                     |
| <b>Net pension liability-beginning</b>                                 | <u>\$ 2,289,701</u> | <u>\$ 2,624,460</u> | <u>\$ 2,095,248</u> | <u>\$ 1,522,341</u> |
| <br>                                                                   |                     |                     |                     |                     |
| <b>Net pension liability-ending</b>                                    | <u>\$ 1,724,273</u> | <u>\$ 2,289,701</u> | <u>\$ 2,624,460</u> | <u>\$ 2,095,248</u> |
| <br>                                                                   |                     |                     |                     |                     |
| <b>RATIOS:</b>                                                         |                     |                     |                     |                     |
| Plan fiduciary net position as a percentage of total pension liability | 81.84%              | 74.87%              | 70.75%              | 75.59%              |
| <br>                                                                   |                     |                     |                     |                     |
| Covered-employee payroll                                               | \$ 893,536          | \$ 899,894          | \$ 856,324          | \$ 760,594          |
| <br>                                                                   |                     |                     |                     |                     |
| Net pension liability as a percentage of covered-employee payroll      | 192.97%             | 254.44%             | 306.48%             | 275.48%             |

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREMEN'S PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                                        | <u>12/31/2017</u> | <u>12/31/2016</u>  | <u>12/31/2015</u>  | <u>12/31/2014</u>  |
|------------------------------------------------------------------------|-------------------|--------------------|--------------------|--------------------|
| <b>Total pension liability-beginning</b>                               | \$ 609,659        | \$ 643,059         | \$ 654,392         | \$ 624,672         |
| Service Cost                                                           | 12,845            | 12,336             | 11,476             | 10,588             |
| Interest                                                               | 43,731            | 46,217             | 46,896             | 47,461             |
| Actual (gain)/loss                                                     | -                 | (25,948)           | -                  | 22,702             |
| Assumption (gain)/loss                                                 | -                 | -                  | -                  | 22,374             |
| Differences between expected & actual experience                       | -                 | -                  | -                  | -                  |
| Benefit payments                                                       | (66,005)          | (66,005)           | (69,705)           | (73,405)           |
| <b>Net change in total pension liability</b>                           | <u>\$ (9,429)</u> | <u>\$ (33,400)</u> | <u>\$ (11,333)</u> | <u>\$ 29,720</u>   |
| <b>Total pension liability-ending</b>                                  | <u>\$ 600,230</u> | <u>\$ 609,659</u>  | <u>\$ 643,059</u>  | <u>\$ 654,392</u>  |
| <br>                                                                   |                   |                    |                    |                    |
| <b>Plan fiduciary net position-beginning</b>                           | \$ 306,553        | \$ 324,724         | \$ 378,477         | \$ 415,677         |
| Contributions-employer                                                 | 35,390            | 33,714             | 25,587             | 20,567             |
| Contributions-member                                                   | 2,953             | 2,657              | 2,549              | 2,380              |
| Net investment income                                                  | 30,400            | 14,686             | (5,012)            | 14,921             |
| Benefit payments                                                       | (66,005)          | (66,005)           | (69,705)           | (73,405)           |
| Administrative expense                                                 | (6,245)           | (1,735)            | (5,885)            | (425)              |
| Other                                                                  | (1,648)           | (1,488)            | (1,287)            | (1,238)            |
| <b>Change in plan fiduciary net position</b>                           | <u>\$ (5,155)</u> | <u>\$ (18,171)</u> | <u>\$ (53,753)</u> | <u>\$ (37,200)</u> |
| <b>Plan fiduciary net position-ending</b>                              | <u>\$ 301,398</u> | <u>\$ 306,553</u>  | <u>\$ 324,724</u>  | <u>\$ 378,477</u>  |
| <br>                                                                   |                   |                    |                    |                    |
| <b>Net pension liability-beginning</b>                                 | <u>\$ 303,106</u> | <u>\$ 318,335</u>  | <u>\$ 275,915</u>  | <u>\$ 208,995</u>  |
| <b>Net pension liability-ending</b>                                    | <u>\$ 298,832</u> | <u>\$ 303,106</u>  | <u>\$ 318,335</u>  | <u>\$ 275,915</u>  |
| <br>                                                                   |                   |                    |                    |                    |
| <b>RATIOS:</b>                                                         |                   |                    |                    |                    |
| Plan fiduciary net position as a percentage of total pension liability | 50.21%            | 50.28%             | 50.50%             | 57.84%             |
| <br>                                                                   |                   |                    |                    |                    |
| Covered-employee payroll                                               | \$ 59,059         | \$ 53,138          | \$ 47,604          | \$ 47,604          |
| <br>                                                                   |                   |                    |                    |                    |
| Net pension liability as a percentage of covered-employee payroll      | 505.99%           | 570.41%            | 668.71%            | 579.60%            |

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MUNICIPAL PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                                        | <u>12/31/2017</u>   | <u>12/31/2016</u>   | <u>12/31/2015</u>   | <u>12/31/2014</u>   |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability-beginning</b>                               | \$ 5,343,542        | \$ 4,996,156        | \$ 4,812,413        | \$ 4,493,095        |
| Service Cost                                                           | 128,446             | 124,065             | 115,409             | 93,392              |
| Interest                                                               | 392,988             | 368,569             | 354,527             | 352,228             |
| Actual (gain)/loss                                                     | -                   | 142,623             | -                   | (55,290)            |
| Assumption (gain)/loss                                                 | -                   | -                   | -                   | 202,868             |
| Differences between expected & actual experience                       | -                   | -                   | -                   | -                   |
| Benefit payments                                                       | (335,858)           | (287,871)           | (286,193)           | (273,880)           |
| Net change in total pension liability                                  | <u>\$ 185,576</u>   | <u>\$ 347,386</u>   | <u>\$ 183,743</u>   | <u>\$ 319,318</u>   |
| <b>Total pension liability-ending</b>                                  | <u>\$ 5,529,118</u> | <u>\$ 5,343,542</u> | <u>\$ 4,996,156</u> | <u>\$ 4,812,413</u> |
| <b>Plan fiduciary net position-beginning</b>                           | \$ 4,061,309        | \$ 3,920,801        | \$ 4,140,370        | \$ 4,124,325        |
| Contributions-employer                                                 | 167,678             | 163,457             | 120,435             | 97,375              |
| Contributions-member                                                   | 15,499              | 14,733              | 14,233              | 14,258              |
| Net investment income                                                  | 512,514             | 259,024             | (40,667)            | 196,520             |
| Benefit payments                                                       | (335,858)           | (287,871)           | (286,193)           | (273,880)           |
| Administrative expense                                                 | (9,905)             | (2,950)             | (9,210)             | (5,345)             |
| Other                                                                  | (3,928)             | (5,885)             | (18,167)            | (12,883)            |
| Change in plan fiduciary net position                                  | <u>\$ 346,000</u>   | <u>\$ 140,508</u>   | <u>\$ (219,569)</u> | <u>\$ 16,045</u>    |
| <b>Plan fiduciary net position-ending</b>                              | <u>\$ 4,407,309</u> | <u>\$ 4,061,309</u> | <u>\$ 3,920,801</u> | <u>\$ 4,140,370</u> |
| <b>Net pension liability-beginning</b>                                 | <u>\$ 1,282,233</u> | <u>\$ 1,075,355</u> | <u>\$ 672,043</u>   | <u>\$ 368,770</u>   |
| <b>Net pension liability-ending</b>                                    | <u>\$ 1,121,809</u> | <u>\$ 1,282,233</u> | <u>\$ 1,075,355</u> | <u>\$ 672,043</u>   |
| <b>RATIOS:</b>                                                         |                     |                     |                     |                     |
| Plan fiduciary net position as a percentage of total pension liability | 79.71%              | 76.00%              | 78.48%              | 86.04%              |
| <b>Covered-employee payroll</b>                                        | \$ 1,476,082        | \$ 1,533,281        | \$ 1,479,572        | \$ 1,412,944        |
| Net pension liability as a percentage of covered-employee payroll      | 76.00%              | 83.63%              | 72.68%              | 47.56%              |

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF ACTUARIALY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS**  
**POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                           | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                       | \$ 488,064        | \$ 424,572        | \$ 291,185        | \$ 229,079        |
| Contributions                                             | <u>488,064</u>    | <u>424,572</u>    | <u>291,185</u>    | <u>229,079</u>    |
| Contribution deficiency (excess)                          | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| <b>RATIOS:</b>                                            |                   |                   |                   |                   |
| Covered-employee payroll                                  | \$ 893,536        | \$ 899,894        | \$ 856,324        | \$ 760,594        |
| Contributions as a percentage of covered-employee payroll | 54.62%            | 47.18%            | 34.00%            | 30.12%            |

Methods and assumptions used in the calculation of the actuarially determined contributions are listed below. Unless otherwise noted below, all other assumptions are the same as those detailed in the most recent valuation report:

|                           |                           |
|---------------------------|---------------------------|
| Actuarial Valuation Date  | January 1, 2017           |
| Actuarial Cost Method     | Entry Age Normal          |
| Amortization method       | Level - closed period     |
| Asset valuation method    | Actuarial value of assets |
| Investment rate of return | 7.50%                     |

There have been no changes to the above significant actuarial assumptions since the prior valuation.

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.



**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS**  
**FIREMEN'S PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                           | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                       | \$ 35,390         | \$ 33,714         | \$ 25,587         | \$ 20,567         |
| Contributions                                             | <u>35,390</u>     | <u>33,714</u>     | <u>25,587</u>     | <u>20,567</u>     |
| Contribution deficiency (excess)                          | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| <b>RATIOS:</b>                                            |                   |                   |                   |                   |
| Covered-employee payroll                                  | \$ 59,059         | \$ 53,138         | \$ 47,604         | \$ 47,604         |
| Contributions as a percentage of covered-employee payroll | 59.92%            | 63.45%            | 53.75%            | 43.20%            |

Methods and assumptions used in the calculation of the actuarially determined contributions are listed below. Unless otherwise noted below, all other assumptions are the same as those detailed in the most recent valuation report:

|                           |                           |
|---------------------------|---------------------------|
| Actuarial Valuation Date  | January 1, 2017           |
| Actuarial Cost Method     | Entry Age Normal          |
| Amortization method       | Level - closed period     |
| Asset valuation method    | Actuarial value of assets |
| Investment rate of return | 7.50%                     |

There have been no changes to the above significant actuarial assumptions since the prior valuation.

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS**  
**MUNICIPAL PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                           | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                       | \$ 167,678        | \$ 163,457        | \$ 120,435        | \$ 97,375         |
| Contributions                                             | <u>167,678</u>    | <u>163,457</u>    | <u>120,435</u>    | <u>97,375</u>     |
| Contribution deficiency (excess)                          | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| <b>RATIOS:</b>                                            |                   |                   |                   |                   |
| Covered-employee payroll                                  | \$ 1,476,082      | \$ 1,533,281      | \$ 1,479,572      | \$ 1,412,944      |
| Contributions as a percentage of covered-employee payroll | 11.36%            | 10.66%            | 8.14%             | 6.89%             |

Methods and assumptions used in the calculation of the actuarially determined contributions are listed below. Unless otherwise noted below, all other assumptions are the same as those detailed in the most recent valuation report:

|                           |                           |
|---------------------------|---------------------------|
| Actuarial Valuation Date  | January 1, 2017           |
| Actuarial Cost Method     | Entry Age Normal          |
| Amortization method       | Level - closed period     |
| Asset valuation method    | Actuarial value of assets |
| Investment rate of return | 7.50%                     |

There have been no changes to the above significant actuarial assumptions since the prior valuation.

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.

**BOROUGH OF ELLWOOD CITY**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE**  
**PENSION PLANS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2017**

|                                                                                       | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|---------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Annual money-weighted rate of return<br>net of investment expense - Police Pension    | 13.04%            | 6.98%             | -1.08%            | 4.93%             |
| Annual money-weighted rate of return<br>net of investment expense - Firemen's Pension | 10.82%            | 4.95%             | -1.46%            | 3.78%             |
| Annual money-weighted rate of return<br>net of investment expense - Municipal Pension | 13.01%            | 6.79%             | -1.03%            | 4.90%             |

NOTE: Schedule requires information for past 10 calendar years. Information will be added as it becomes available.