

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

DECEMBER 31, 2015

C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION – MODIFIED CASH BASIS	4
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS	5
BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS	6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS	7
STATEMENT OF NET POSITION – MODIFIED CASH BASIS – PROPRIETARY FUND	9
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – MODIFIED CASH BASIS – PROPRIETARY FUND	10
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS – PROPRIETARY FUND	11
NOTES TO FINANCIAL STATEMENTS	12
OTHER INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – MODIFIED CASH BASIS – GENERAL FUND	22
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – MODIFIED CASH BASIS – CAPITAL PROJECTS FUND	23
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – CAPITAL PROJECTS FUND	24
COMBINING BALANCE SHEET – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS	25
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS	26

SAGER, SWISHER AND COMPANY, LLP

Certified Public Accountants and Consultants

Members

American Institute of
Certified Public Accountants

Pennsylvania Institute of
Certified Public Accountants

Partners

John D. Murr, CPA
Michael L. Reiner, CPA
Lori L. Royer, CPA

619 West Chestnut Street
Lancaster, Pennsylvania 17603

15 North Third Street
Columbia, Pennsylvania 17512

Consultants

Edward M. Sager, (1932-2011)
C. Edwin Swisher, III, CPA, Inactive

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of Council
Borough of Marietta
Marietta, Pennsylvania

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Marietta as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

As discussed in Note 1, the Nonuniformed Pension Trust Fund has not been included in the aggregate remaining fund information in these statements. The amount that should be recorded in this fund is not known.

Qualified Opinion

In our opinion, except for the omission described in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the aggregate remaining fund information of the Borough of Marietta, as of December 31, 2015, or the changes in modified cash basis financial position, thereof for the year ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities and each major fund of the Borough of Marietta, as of December 31, 2015, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Marietta's basic financial statements. The combining capital project fund and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining capital project fund and nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Marietta's basic financial statements. The budgetary comparison information on page 22, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
March 28, 2016

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 982,692	\$ 136,521	\$ 1,119,213
Investments	373,362	--	373,362
Due from Other Governments	<u>235</u>	<u>--</u>	<u>235</u>
TOTAL ASSETS	<u>\$ 1,356,289</u>	<u>\$ 136,521</u>	<u>\$ 1,492,810</u>
LIABILITIES			
Due to Other Governments	<u>\$ 754</u>	<u>\$ --</u>	<u>\$ 754</u>
TOTAL LIABILITIES	<u>754</u>	<u>--</u>	<u>754</u>
NET POSITION			
Restricted for			
Highways	36,827	--	36,827
Culture and Recreation	31,146	--	31,146
Capital Projects	532,279	--	532,279
Unrestricted	<u>755,283</u>	<u>136,521</u>	<u>891,804</u>
TOTAL NET POSITION	<u>1,355,535</u>	<u>136,521</u>	<u>1,492,056</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,356,289</u>	<u>\$ 136,521</u>	<u>\$ 1,492,810</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General Government	\$ 105,409	\$ 140	\$ 3,880	\$ --	\$ (101,389)	\$ --	\$ (101,389)
Public Safety	574,108	34,496	17,957	--	(521,655)	--	(521,655)
Sanitation	164,960	200,246	--	--	35,286	--	35,286
Highways and Streets	370,435	4,764	75,015	3,551	(287,105)	--	(287,105)
Culture and Recreation	178,332	1,115	2,915	146,030	(28,272)	--	(28,272)
Debt Service	61,699	--	--	--	(61,699)	--	(61,699)
Employee Benefits, Insurance and Other Judgments and Losses	46,856 20,248	-- --	-- --	-- --	(46,856) (20,248)	-- --	(46,856) (20,248)
Total Governmental Activities	1,522,047	240,761	99,767	149,581	(1,031,938)	--	(1,031,938)
Business-Type Activities							
Sewer	504,194	530,927	5,562	--	--	32,295	32,295
Total Primary Government	\$ 2,026,241	\$ 771,688	\$ 105,329	\$ 149,581	(1,031,938)	32,295	(999,643)
General Revenues							
Property Taxes, Levied for General Purposes, Net					673,245	--	673,245
Other Taxes and Franchise Fees Levied for Specific Purposes, Net					367,227	--	367,227
Investment Earnings					1,852	155	2,007
Miscellaneous					2,026	--	2,026
Total General Revenues					1,044,350	155	1,044,505
Change in Net Position					12,412	32,450	44,862
Net Position – January 1, 2015					1,343,124	104,071	1,447,195
Net Position – December 31, 2015					\$ 1,355,536	\$ 136,521	\$ 1,492,057

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Funds	Total
ASSETS				
Cash and Cash Equivalents	\$ 740,278	\$ 204,390	\$ 38,024	\$ 982,692
Investments	44,040	329,322	--	373,362
Due from Other Funds	1,433	--	--	1,433
Due from Other Governments	235	--	--	235
TOTAL ASSETS	\$ 785,986	\$ 533,712	\$ 38,024	\$ 1,357,722
LIABILITIES				
Due to Other Governments	\$ 754	\$ --	\$ --	\$ 754
Due to Other Funds	--	1,433	--	1,433
TOTAL LIABILITIES	754	1,433	--	2,187
FUND BALANCES				
Restricted	31,146	532,279	36,827	600,252
Committed	30,000	--	--	30,000
Assigned	26,371	--	1,197	27,568
Unassigned	697,715	--	--	697,715
TOTAL FUND BALANCES	785,232	532,279	38,024	1,355,535
TOTAL LIABILITIES AND FUND BALANCES	\$ 785,986	\$ 533,712	\$ 38,024	\$ 1,357,722

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
REVENUES				
Real Estate Taxes and Penalties	\$ 673,245	\$ --	\$ --	\$ 673,245
Other Taxes	324,924	--	--	324,924
Licenses and Permits	42,303	--	--	42,303
Fines and Forfeits	5,468	--	--	5,468
Interest, Rents and Royalties	978	788	86	1,852
Intergovernmental Revenue	138,564	--	71,118	209,682
Charges for Services	234,238	--	1,055	235,293
Contributions	34,615	--	1,500	36,115
Miscellaneous Revenue	<u>868</u>	<u>--</u>	<u>--</u>	<u>868</u>
TOTAL REVENUES	<u>1,455,203</u>	<u>788</u>	<u>73,759</u>	<u>1,529,750</u>
EXPENDITURES				
General Government	105,409	--	--	105,409
Public Safety	574,108	--	--	574,108
Sanitation	164,960	--	--	164,960
Highways and Streets	259,664	9,404	101,367	370,435
Culture and Recreation	168,358	4,070	5,904	178,332
Debt Service	61,699	--	--	61,699
Employee Benefits, Insurance and Other	46,856	--	--	46,856
Judgments and Losses	<u>20,248</u>	<u>--</u>	<u>--</u>	<u>20,248</u>
TOTAL EXPENDITURES	<u>1,401,302</u>	<u>13,474</u>	<u>107,271</u>	<u>1,522,047</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>53,901</u>	<u>(12,686)</u>	<u>(33,512)</u>	<u>7,703</u>

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Funds	Total
OTHER FINANCING SOURCES (USES)				
Transfer In	--	5,000	--	5,000
Transfer Out	(5,000)	--	--	(5,000)
Refund of Prior Year Expenditures	1,158	--	--	1,158
Sale/Compensation for Capital Assets	3,551	--	--	3,551
TOTAL OTHER FINANCING SOURCES (USES)	(291)	5,000	--	4,709
Changes in Fund Balances	53,610	(7,686)	(33,512)	12,412
Fund Balances – January 1, 2015	731,623	539,965	71,536	1,343,124
Fund Balances – December 31, 2015	<u>\$ 785,233</u>	<u>\$ 532,279</u>	<u>\$ 38,024</u>	<u>\$ 1,355,536</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2015**

	<u>Sewer Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 136,521</u>
TOTAL ASSETS	<u>\$ 136,521</u>
LIABILITIES	<u>\$ --</u>
NET POSITION	
Unrestricted	<u>136,521</u>
TOTAL NET POSITION	<u>136,521</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 136,521</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2015**

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer Rentals	\$ 529,125
Miscellaneous Income	<u>1,802</u>
TOTAL OPERATING REVENUES	<u>530,927</u>
OPERATING AND ADMINISTRATIVE EXPENDITURES	
Salaries and Benefits	58,038
Pension Contribution	8,482
Insurance	1,360
Office Expense	2,274
Postage	936
Professional Services	25,114
Contracted Services	4,122
Collection Costs	14,459
Communications	582
Treatment Costs	388,738
Miscellaneous	<u>89</u>
TOTAL OPERATING AND ADMINISTRATIVE EXPENDITURES	<u>504,194</u>
OPERATING INCOME	<u>26,733</u>
NONOPERATING REVENUES	
Interest Income	155
General Municipal Pension System State Aid	<u>5,562</u>
TOTAL NONOPERATING REVENUES	<u>5,717</u>
Change in Net Position	32,450
Net Position – January 1, 2015	<u>104,071</u>
Net Position – December 31, 2015	<u><u>\$ 136,521</u></u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2015**

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 530,927
Cash Payments to Employees for Services	(58,038)
Cash Payments to Suppliers for Goods and Services	<u>(446,156)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>26,733</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	<u>7,934</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>7,934</u>
CASH FLOWS FROM, CAPITAL AND RELATED FINANCING ACTIVITIES	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>155</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>155</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,822
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>101,699</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 136,521</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
OPERATING INCOME	\$ 26,733
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>--</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 26,733</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Marietta were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the Borough as a reporting entity, management has addressed all potential component units, which may or may not fall within the Borough's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the Borough's reporting entity are financial accountability and the nature and significance of the relationship.

Based on the above criteria, the following is a component unit of the Borough:

Marietta Borough Authority – The Authority was organized by the Council of the Borough of Marietta to construct a sewage system for the Borough. The Borough appoints members to the Authority and has a potential burden to finance the operations of the Authority. For the year ended December 31, 2014, the Authority's status was considered inactive.

This report includes all of the funds of the Borough of Marietta with the exception of the Nonuniformed Pension Trust Fund.

B. Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental and business-type activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately in the government-wide financial statements from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Borough's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds and the proprietary fund of the Borough. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The Borough reports the following major governmental funds:

The general fund is the Borough's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital projects fund accounts for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund. This fund includes the capital reserve fund, flood control project fund and the sewer improvement fund.

Additionally, the Borough reports the following nonmajor governmental funds:

The summer recreation program fund is used to account for financial resources related to the summer recreation program.

The state liquid fuels fund is a state mandated fund used to account for financial resources related specifically to maintenance of the Borough's streets.

Proprietary Fund Types are used to account for the operations of the Borough that are financed and operated in a manner similar to those often found in the private-sector. The fund included in this category is:

The enterprise fund is used to account for the operation of the sewer.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements regardless of measurement focus.

The Borough's accounts are maintained, and these statements are presented, on the modified cash basis of accounting under which income collected, costs and expenses paid, assets, liabilities, fund balance and net position arising as a result of cash transactions or from the acquisition of long-lived assets, for cash are recognized. Receivables, payables, and deferred expenses, which may be material in amount, are not reflected in the accompanying financial statements which are not intended to present the financial position or the results of operations in conformity with generally accepted accounting principles. Receivables and payables between the Borough and other taxing authorities resulting from cash transactions are reflected in these financial statements. Operating tapping fee revenue represents the costs to connect a tap. Non-operating tapping fees are used for future capital improvements.

E. Budgets and Budgetary Accounting

An operating budget is adopted every year for the general fund on a modified cash basis of accounting.

The Marietta Borough Council may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Borough Code of the Commonwealth of Pennsylvania. Budgetary information reflected in the financial statements is presented at the department level of budgetary control and includes the effect of approved budget amendments.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as assigned fund balance. As of December 31, 2015, the Borough did not have any encumbrances.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Capital Assets

Capital assets are not recorded and are considered an expenditure when purchased. No depreciation has been provided for in these financial statements.

H. Long-Term Debt

Long-term debt arising from cash transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest are reported as expenditures.

I. Estimates

The preparation of financial statements in conformity with an other comprehensive basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost, which approximates fair value.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. During the year ended December 31, 2015, the Borough did not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. During the year ended December 31, 2015, the Borough did not have any deferred inflows of resources.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position Flow Assumption

Sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Borough's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance Policy

The Borough implemented *GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – amounts that can be used only for the specific purposes determined by a formal action of Borough Council (the Borough's highest level of decision making authority). Borough Council is required to also take formal action to modify or rescind the commitment,

Assigned – amounts intended to be used by the Borough for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

Unassigned – residual classification for the Borough's general fund and includes all spendable amounts not contained in the other classifications. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

Committed Fund Balance Policy

The Borough's committed fund balance are amounts required to be reported by Borough Council, either because of Borough Policy or because of motions that passed at Borough Council meetings.

Assigned Fund Balance Policy

The Borough's assigned fund balances are amounts the Borough intends to use for a specific purpose as expressed by the Borough's Treasurer. The Borough adopted a Fund Balance Policy in December 2011 authorizing the Borough's Treasurer to assign fund balance.

Order of Fund Balance Spending Policy

The Borough's policy is to first apply restricted fund balance, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

Minimum Fund Balance

Borough Council has adopted a formal minimum fund balance policy. Council will strive to maintain a minimum unassigned fund balance of not less than ten percent (10%) and not more than twenty percent (20%) of the budgeted expenditures for the fiscal year.

**BOROUGH OF MAREITTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Date of Management's Review

Management has evaluated subsequent events through March 28, 2016, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) 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.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation are authorized 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.

Cash

Custodial Credit Risk – Deposits

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 policy for custodial credit risk. As of December 31, 2015, \$865,132 of the Borough's bank balance of \$1,115,132 was exposed to custodial credit risk.

Insured or Registered	\$ --
Uninsured or unregistered with securities held by counterparty's trust department	--
Uninsured or unregistered held by the counterparty or by its trust department not in the Borough's name	<u>865,132</u>
	<u>\$ 865,132</u>

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 865,132
Plus: Insured Amount	250,000
Add: Deposit in Transit	<u>965</u>
Carrying Amount – Bank Balances	1,116,097
Plus: Petty Cash	150
Pooled Cash Equivalents	<u>2,966</u>
Total Cash per Financial Statements	<u>\$ 1,119,213</u>

Investments

As of December 31, 2015, the Borough had the following investments:

	<u>Fair Value</u>
BB&T – Money Market	<u>\$ 373,362</u>

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The Borough does not have an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2015, the Borough's investment in PA Local Government Investment Trust was rated AAAm by Standard & Poor's.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the 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. As of December 31, 2015, all of the Borough's investments of \$373,362 were exposed to custodial risk as:

Insured or Registered	\$	--
Uninsured or unregistered with securities held by counterparty's trust department		--
Uninsured or unregistered held by the counterparty or by its trust department not in the Borough's name		<u>373,362</u>
		<u>\$ 373,362</u>

Beginning January 1, 2013, all interest and noninterest bearing demand accounts are aggregated in total by financial institution and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Time and savings accounts are also insured up to \$250,000 by FDIC.

Concentration of Credit Risk – Deposits and Investments

More than 5% of the Borough's deposits and investments are held at BB&T. Total deposits and investments as of December 31, 2015 were \$1,491,460 of which \$1,488,494 was invested in BB&T. This represents 99% of the Borough's deposits and investments. The balance of \$2,966 was invested in PA Local Government Investment Trust.

NOTE 3 – ACCOUNTS RECEIVABLE

The Borough of Marietta did not report accounts receivable for sewer and trash collections under the modified cash basis of accounting. The amount of sewer/trash collections outstanding at December 31, 2015 was \$22,712, all of which was estimated to be collectible by management.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 – DUE TO/FROM OTHER FUNDS AND TRANSFERS

The interfund receivable and payable balances as of December 31, 2015 are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,433	\$ --
Capital Projects Fund	--	1,433
	\$ 1,433	\$ 1,433

The amount due to the general fund represents expenditures paid by the general fund and reimbursed by the capital projects fund in 2016.

Interfund Transfers:

	Transfer from Other Funds	Transfer to Other Funds
General Fund	\$ --	\$ 5,000
Capital Projects Fund	5,000	--
	\$ 5,000	\$ 5,000

The general fund transferred \$5,000 to the capital projects fund for future capital improvements.

NOTE 5 – LONG-TERM DEBT

The Borough of Marietta did not report long-term debt on the face of the statements under the modified cash basis of accounting.

The annual changes in the long-term debt are as follows:

	Note Payable	Compensated Absences	Long-Term Debt
Beginning of Year	\$ 398,232	\$ 7,064	\$ 405,296
Principal Retirement	(45,830)	--	(45,830)
Increase in Compensated Absences	--	2,413	2,413
End of Year	\$ 352,402	\$ 9,477	\$ 361,879

Long-term debt consists of the following:

	December 31, 2015	Interest Rate	Maturity Date
Series 2012 - General Obligation Note	\$ 352,402	2.88%	5/15/27

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 – LONG-TERM DEBT (Continued)

The future annual payments required to amortize all outstanding debt as of December 31, 2015, including total interest payments are as follows:

	Interest	Principal	Total
2016	\$ 9,951	\$ 47,168	\$ 57,119
2017	9,149	48,545	57,694
2018	8,324	42,110	50,434
2019	7,474	44,885	52,359
2020	6,600	47,843	54,443
2021-2025	14,299	121,851	136,150
	<u>\$ 55,797</u>	<u>\$ 352,402</u>	<u>\$ 408,199</u>

General Obligation Note – Series of 2012

In March 2012, the Borough entered into a loan agreement with BB&T (formerly Susquehanna Bank) to finance the Fairview Avenue infrastructure project. The bank agreed to loan the Borough an amount not to exceed \$800,000. The note matures on May 15, 2027 and bears interest of 2.88% through May 15, 2017. After May 15, 2017, the interest rate will reset for each of the next five year intervals at the then current Federal Home Loan Bank Borrowing Rate plus 280 basis points at a factor of 68% of the Wall Street Journal Prime Rate not to exceed 6.5% for the term of the note.

Compensated Absences

Sick Leave and Vacation – Full time employees reaching ten years of service will be compensated one-half, up to a maximum of 480 cumulative hours upon terminating in good standing. Full-time employees may carry up to 40 hours of vacation time to the subsequent year and will be compensated upon termination from the Borough. As of December 31, 2015, the balance was \$9,477.

NOTE 6 – FUND BALANCE

Restricted Fund Balance

The Borough's restricted fund balances are amounts restricted by outside parties. As of December 31, 2015, the Borough's restricted fund balance was \$600,252; which consisted of \$36,827 restricted for use by the Commonwealth of Pennsylvania for Highway Aid purposes, \$31,146 restricted for the Northwest River Trail and \$532,279 set aside for future capital projects.

Committed Fund Balance

As of December 31, 2015, the Borough's committed fund balance was \$30,000, which consisted of the following:

Planning and Zoning	<u>\$ 30,000</u>
	<u>\$ 30,000</u>

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 – FUND BALANCE (Continued)

Assigned Fund Balance

As of December 31, 2015, the Borough's assigned fund balance was \$27,568, which consisted of the following:

Snow Reserve	\$ 9,465
Northwest River Trail	3,429
Compensated Absences	9,477
Summer Recreation Program	1,197
Parks	1,000
Salary Increases	1,500
Grant Matching	<u>1,500</u>
	<u>\$ 27,568</u>

NOTE 7 – PROPERTY TAXES

The Borough of Marietta did not report taxes receivable or deferred taxes under the modified cash basis of accounting. The amount of real estate taxes outstanding at December 31, 2015 was \$50,483, all of which was estimated to be collectible by management.

Based on assessments provided by the County, the Borough levies property taxes. The taxes are collected by the Borough. The property tax for the year ended December 31, 2014 was 6.5 mills (\$6.50 per \$1,000 of assessed valuation). A 2% discount is given on taxes paid prior to May 1, the face amount is payable May 1 – June 30 and a 10% penalty is assessed on payments received after June 30. Unpaid taxes as of December 31st are submitted to the tax claim bureau for collection on January 15th of the year following assessment.

NOTE 8 – NONUNIFORMED PENSION TRUST FUND

The Borough of Marietta established a nonuniformed pension trust plan effective January 1, 1987. The plan is a defined contribution money purchase pension plan through Principal Mutual Life Insurance Company and covers nonuniformed employees who are 21 years or older and have one year of eligible service. The employee's benefits become 20% vested with 2 years of eligible service and increase 20% per year, until the employee has 6 years of eligible service, at which time the benefits are 100% vested. The normal retirement requirement is attained at age 65. Contributions are made by the Borough for eligible employees in an amount equal to 18% of their annual pay. The contribution for the year ended December 31, 2015 was calculated using annual wages of \$132,880.

NOTE 9 – THE MARIETTA-DONEGAL JOINT AUTHORITY

The Marietta-Donegal Joint Authority owns and operates the sewage treatment plant that serves Marietta Borough and East Donegal Township. The Borough makes payments to the Joint Authority for sewage treatment based on a rate of \$68.50 per unit. The total rent paid from the Sewer Fund for the year ended December 31, 2015 was \$388,738.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 10 – SUSQUEHANNA REGIONAL POLICE DEPARTMENT

On July 1, 1996, the Borough of Marietta, Conoy Township, and East Donegal Township created the Susquehanna Regional Police Department. Each municipality agreed to contribute assets of their individual police forces. Each municipality also agreed to contractual terms to an ongoing financial responsibility to fund the operations based on formulas established in the contracts. Each municipality also appoints one of the current government officials to the governing board of the regional police force. The Susquehanna Regional Police Department is a separate legal entity. For the year ended December 31, 2015, the Borough paid \$371,124 to the Susquehanna Regional Police Department.

NOTE 11 – CONTINGENCIES

Grant Programs

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

NOTE 12 – RISK MANAGEMENT

The Borough is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2015 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 13 – COMMITMENT

The Borough approved two contracts for materials for the Northwest River Trail with R.E. Pierson Materials Corporation and Highway Materials Inc. in the amount of \$76,598 and \$200,870, respectively.

OTHER INFORMATION
OF
BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA
DECEMBER 31, 2015

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – MODIFIED CASH BASIS – GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Real Estate Taxes and Penalties	\$ 666,200	\$ 666,200	\$ 673,245	\$ 7,045
Other Taxes	235,500	235,500	324,924	89,424
Licenses and Permits	36,000	36,000	42,303	6,303
Fines and Forfeits	4,040	4,040	5,468	1,428
Interest, Rents and Royalties	700	700	978	278
Intergovernmental Revenue	28,054	140,104	138,564	(1,540)
Charges for Services	221,480	221,480	234,238	12,758
Contributions	150	34,130	34,615	485
Miscellaneous Revenue	<u>1,000</u>	<u>1,000</u>	<u>868</u>	<u>(132)</u>
TOTAL REVENUES	<u>1,193,124</u>	<u>1,339,154</u>	<u>1,455,203</u>	<u>116,049</u>
EXPENDITURES				
General Government				
Administrative	82,628	82,628	82,204	424
Tax Collection	450	450	378	72
Municipal Buildings	23,200	23,200	22,827	373
Public Safety				
Police	380,845	380,845	379,460	1,385
Fire Protection	25,000	25,000	26,166	(1,166)
Hydrant Rentals and Fire Relief	46,024	46,024	37,639	8,385
Emergency Management	5,000	5,000	5,119	(119)
Housing and Zoning	73,650	105,412	125,724	(20,312)
Sanitation				
Solid Waste Collection and Disposal	179,600	179,600	164,520	15,080
Weed Control	1,300	1,300	440	860
Highways and Streets				
General Services	195,107	230,675	259,664	(28,989)
Culture and Recreations				
Parks	41,500	176,384	168,358	8,026
Debt Service	93,720	93,720	61,699	32,021
Judgments and Losses	--	20,248	20,248	--
Employee Benefits, Insurance and Other				
Insurance	<u>40,500</u>	<u>40,500</u>	<u>46,856</u>	<u>(6,356)</u>
TOTAL EXPENDITURES	<u>1,188,524</u>	<u>1,410,986</u>	<u>1,401,302</u>	<u>9,684</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,600</u>	<u>(71,832)</u>	<u>53,901</u>	<u>125,733</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	(5,000)	(5,000)	(5,000)	--
Refund of Prior Year Expenditures	400	400	1,158	758
Sale/Compensation for Capital Assets	<u>--</u>	<u>--</u>	<u>3,551</u>	<u>3,551</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,600)</u>	<u>(4,600)</u>	<u>(291)</u>	<u>4,309</u>
Changes in Fund Balances	--	(76,432)	53,610	130,042
Fund Balances – January 1, 2015	<u>731,623</u>	<u>731,623</u>	<u>731,623</u>	<u>--</u>
Fund Balances – December 31, 2015	<u>\$ 731,623</u>	<u>\$ 655,191</u>	<u>\$ 785,233</u>	<u>\$ 130,042</u>

SUPPLEMENTARY INFORMATION

OF

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

DECEMBER 31, 2015

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**COMBINING BALANCE SHEET – MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
DECEMBER 31, 2015**

	Flood Control Project Fund	Sewer Improvement Fund	Capital Reserve Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 44,079	\$ --	\$ 160,311	\$ 204,390
Investments	<u> --</u>	<u> 329,322</u>	<u> --</u>	<u> 329,322</u>
TOTAL ASSETS	<u>\$ 44,079</u>	<u>\$ 329,322</u>	<u>\$ 160,311</u>	<u>\$ 533,712</u>
LIABILITIES				
Due to Other Funds	\$ <u> --</u>	\$ <u> --</u>	\$ 1,433	\$ 1,433
TOTAL LIABILITIES	<u> --</u>	<u> --</u>	<u> 1,433</u>	<u> 1,433</u>
FUND BALANCES				
Restricted	<u> 44,079</u>	<u> 329,322</u>	<u> 158,878</u>	<u> 532,279</u>
TOTAL FUND BALANCES	<u> 44,079</u>	<u> 329,322</u>	<u> 158,878</u>	<u> 532,279</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,079</u>	<u>\$ 329,322</u>	<u>\$ 160,311</u>	<u>\$ 533,712</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MODIFIED CASH BASIS – CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Flood Control Project Fund	Sewer Improvement Fund	Capital Reserve Fund	Total
REVENUES				
Interest, Rents and Royalties	\$ 43	\$ 329	\$ 416	\$ 788
TOTAL REVENUES	43	329	416	788
EXPENDITURES				
Highways and Streets	--	--	9,404	9,404
Culture and Recreation	--	--	4,070	4,070
TOTAL EXPENDITURES	--	--	13,474	13,474
EXCESS OF REVENUES OVER EXPENDITURES	43	329	(13,058)	(12,686)
OTHER FINANCING SOURCES (USES)				
Transfer In	--	--	5,000	5,000
TOTAL OTHER FINANCING SOURCES (USES)	--	--	5,000	5,000
Changes in Fund Balances	43	329	(8,058)	(7,686)
Fund Balances – January 1, 2015	44,036	328,993	166,936	539,965
Fund Balances – December 31, 2015	\$ 44,079	\$ 329,322	\$ 158,878	\$ 532,279

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA
COMBINING BALANCE SHEET – MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>Summer Recreation Program Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,197	\$ 36,827	\$ 38,024
TOTAL ASSETS	<u>\$ 1,197</u>	<u>\$ 36,827</u>	<u>\$ 38,024</u>
LIABILITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES			
Restricted	--	36,827	36,827
Assigned	<u>1,197</u>	<u>--</u>	<u>1,197</u>
TOTAL FUND BALANCES	<u>1,197</u>	<u>36,827</u>	<u>38,024</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,197</u>	<u>\$ 36,827</u>	<u>\$ 38,024</u>

**BOROUGH OF MARIETTA
MARIETTA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	<u>Summer Recreation Program Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Total</u>
REVENUES			
Interest, Rents and Royalties	\$ 3	\$ 83	\$ 86
Intergovernmental Revenue	--	71,118	71,118
Charges for Services	1,055	--	1,055
Contributions	<u>1,500</u>	<u>--</u>	<u>1,500</u>
TOTAL REVENUES	<u>2,558</u>	<u>71,201</u>	<u>73,759</u>
EXPENDITURES			
Highways and Streets	--	101,367	101,367
Culture and Recreation	<u>5,904</u>	<u>--</u>	<u>5,904</u>
TOTAL EXPENDITURES	<u>5,904</u>	<u>101,367</u>	<u>107,271</u>
Changes in Fund Balances	(3,346)	(30,166)	(33,512)
Fund Balances – January 1, 2015	<u>4,543</u>	<u>66,993</u>	<u>71,536</u>
Fund Balances – December 31, 2015	<u>\$ 1,197</u>	<u>\$ 36,827</u>	<u>\$ 38,024</u>

The accompanying notes are an integral part of these financial statements.