

**CITY OF GREENSBURG**  
**AUDIT OF GENERAL PURPOSE**  
**FINANCIAL STATEMENTS**

**Year Ended December 31, 2014**

**DELUZIO & COMPANY, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS**

**CITY OF GREENSBURG**

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## **Independent Auditors' Report**

To: City Council  
City of Greensburg, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary funds of the City of Greensburg (City), Pennsylvania, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

The City's 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

## **Independent Auditors' Report**

(Continued)

### ***Opinions***

In our 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, the aggregate remaining fund information, and fiduciary funds of the City, as of December 31, 2014, and the respective changes in financial position, the respective budgetary comparisons for the General, Grant, 2013 General Obligation Bond and Debt Service Funds and, where applicable, cash flows thereof 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 management's discussion and analysis and the pension and other post-employment benefits information on pages 4-10 and 56-62, respectfully, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet and statement of revenues, expenditures, and changes in fund balance – other governmental funds and individual budgetary comparisons of other governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

(Continued)



**Independent Auditors' Report**

(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Deluzio & Company LLP*

Greensburg, Pennsylvania  
August 11, 2015

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

As management of the City of Greensburg (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial performance of the City for the year ended December 31, 2014. Please read this Management's Discussion and Analysis in conjunction with the financial statements to obtain a thorough understanding of the City's financial condition at December 31, 2014.

**FINANCIAL HIGHLIGHTS**

- The City's net position, as presented, was \$24,950,930 at December 31, 2014, a decrease of \$177,753 from 2013.
- At the end of the current year, the City had total bonds and notes outstanding of \$5,800,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$14,308,228. Expenditures amounted to \$15,954,114.
- Operating revenues of the City's business-type activities were \$1,838,946 for 2014 and operating expenses amounted to \$988,411.
- The real estate tax millage rate remained at 25.05 mills for 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This overview is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The two *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements report on the City's net position and how it has changed.

The *statement of net position* presents information on all of the City's assets less liabilities to arrive at *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

The government-wide financial statements indicate that the functions of the City are principally supported by taxes and intergovernmental revenue (*governmental activities*). The City also participates in functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City encompass public affairs and safety, accounts and finance, administrative development, public works, parks and recreation, and debt service activities. The business-type activities include parking operations.

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*Fund Financial Statements* - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City reports governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintained 13 governmental funds during 2014. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Grant Fund, 2013 General Obligation Bond Fund and Debt Service Fund which are reported as major funds. The other governmental funds are the Armstrong Fund, the Motor Tax Fund, Greensburg Community Days Fund, St. Clair Park Concert Series Fund, 2003 General Obligation Bonds Fund, 2005 General Obligation Note Fund, Police Equipment Fund, Fire Department Capital Equipment Fund, and the Hutchinson Garage Reserve Fund. Data from these other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* as supplementary information in this report.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

*Proprietary Funds* - The City maintains two proprietary funds. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for its parking operations.

Proprietary funds provide the same type of information as the government-wide financial statements, in more detail. The proprietary fund financial statements provide separate information for the Parking Revenue Fund and the Hutchinson Garage Fund.

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.



**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*Fiduciary Funds* - *Fiduciary funds* are used to account for assets held in a trustee capacity. The City's fiduciary funds consist of two agency funds: the Payroll Clearing Fund and the Special Fund and two trust funds: the Police Pension Trust Fund and the Thomas Lynch Concert Fund.

Fiduciary funds are reported on the accrual basis of accounting whereas revenues are recorded when earned and expenses are recorded when a liability is incurred.

The fiduciary funds financial statements can be found on pages 24 and 25 of this report.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 26 through 55 of this report.

*Required Supplementary Information* - This section of the report contains certain pension information and OPEB information required by accounting principles generally accepted in the United States of America. This information can be found on pages 56 through 62 of this report.

*Other Supplementary Information* - In addition to the basic financial statements and accompanying notes, this report also includes the combining statements referred to earlier in connection with the other governmental funds. These can be found on pages 63 through 69 of this report.

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**FINANCIAL ANALYSIS OF THE CITY**

As noted earlier, net position may serve over time as a useful indicator of a government agency's financial position. Net position increases when revenues exceed expenses. In the case of the City, net position was \$24,950,930 at the close of the year.

A condensed summary of the City's net position at December 31, 2014 and 2013 is as follows.

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Assets			
Current assets	\$ 9,732,966	\$ 7,404,944	\$ 2,328,022
Other non-current assets	95,800	95,800	-
Capital assets, net	<u>27,663,181</u>	<u>28,129,812</u>	<u>(466,631)</u>
Total Assets	<u>37,491,947</u>	<u>35,630,556</u>	<u>1,861,391</u>
Liabilities			
Current and other liabilities	5,500,940	2,474,229	3,026,711
Non-current liabilities	<u>7,040,077</u>	<u>8,027,644</u>	<u>(987,567)</u>
Total Liabilities	<u>12,541,017</u>	<u>10,501,873</u>	<u>2,039,144</u>
Net Position			
Net investment in capital assets	21,426,706	20,684,372	742,334
Restricted	1,048,284	1,171,931	(123,647)
Unrestricted	<u>2,475,940</u>	<u>3,272,380</u>	<u>(796,440)</u>
Total Net Position	<u>\$ 24,950,930</u>	<u>\$ 25,128,683</u>	<u>\$ (177,753)</u>

The majority of the increase in current assets and current liabilities relates to a pass through grant in which expenses were incurred but grant reimbursement income was not received at year end. Therefore, an intergovernmental receivable and accounts payable balance was recognized accordingly. For more information, see note 3 of the financial statements.

The City has short-term obligations and they include accounts payables, unearned revenues, liabilities payable from restricted assets, accrued payroll, accrued interest, and long-term liabilities that come due within one year. The City's non-current obligations include capital leases, bonds and notes payable, compensated absences, pension obligations, and other post-employment benefit liabilities.

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**FINANCIAL ANALYSIS OF THE CITY** (continued)

A condensed summary of the City's change in net position for the years ended December 31, 2014 and 2013 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Program revenues						
Charges for services	\$ 1,507,831	\$ 1,510,941	\$ 1,837,427	\$ 1,885,766	\$ 3,345,258	\$ 3,396,707
Operating grant contributions	4,687,620	1,080,402	-	-	4,687,620	1,080,402
Capital grants and contributions	64,646	1,070,138	-	-	64,646	1,070,138
General revenues						
Property taxes	3,086,689	2,806,922	-	-	3,086,689	2,806,922
Earned income tax	3,184,556	3,406,775	-	-	3,184,556	3,406,775
Business privilege tax	444,185	445,365	-	-	444,185	445,365
Local service tax	553,543	596,628	-	-	553,543	596,628
Other taxes	304,958	327,511	-	-	304,958	327,511
Interest, rents, and royalties	6,939	5,290	128	163	7,067	5,453
Franchise fees	278,650	269,883	-	-	278,650	269,883
Gain (loss) on disposal of fixed assets	(20,339)	(226,865)	-	383,847	(20,339)	156,982
Miscellaneous income	204,811	152,402	1,519	19,088	206,330	171,490
Internal transfers	1,063,980	1,806,100	(1,063,980)	(1,806,100)	-	-
Total Revenues	15,368,069	13,251,492	775,094	482,764	16,143,163	13,734,256
Program expenses						
Public affairs and safety	9,218,276	5,330,391	-	-	9,218,276	5,330,391
Accounts and finance	1,557,991	1,612,947	-	-	1,557,991	1,612,947
Administrative development	1,232,371	1,242,980	-	-	1,232,371	1,242,980
Public works	1,526,700	1,532,359	-	-	1,526,700	1,532,359
Parks and recreation	1,611,511	1,715,201	-	-	1,611,511	1,715,201
Interest	177,738	232,598	-	-	177,738	232,598
Parking activities	-	-	996,329	1,063,095	996,329	1,063,095
Total Expenses	15,324,587	11,666,476	996,329	1,063,095	16,320,916	12,729,571
Change in Net Position	43,482	1,585,016	(221,235)	(580,331)	(177,753)	1,004,685
Net Position - Beginning of Year	16,453,185	14,868,169	8,675,498	9,255,829	25,128,683	24,123,998
Net Position - End of Year	\$ 16,496,667	\$ 16,453,185	\$ 8,454,263	\$ 8,675,498	\$ 24,950,930	\$ 25,128,683

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government agency's net resources available for spending at the end of the year.

As of the end of 2014, the City's governmental funds reported combined ending fund balances of \$4,729,360. Of this amount, \$2,910,384 constitutes *unassigned fund balance*.

The General Fund is the principal operating fund of the City. At the end of the current year, the *unassigned fund balance* of the General Fund was \$2,910,384 and the *non-spendable fund balance* of the General Fund was \$76,454.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, actual General Fund revenues increased 4% over budgetary estimates, or by \$330,336; expenditures were less than budgetary estimates by \$416,824 or 4%. The City budgeted for the use of \$1,000,000 of fund balance accumulated in prior years and actually utilized \$262,837 of the beginning fund balance in the current year. A detailed budgetary comparison statement for the General Fund can be found on page 17 of this report.

**DEBT ADMINISTRATION**

Long-Term Debt - At the end of the current year, the City had total bonds outstanding of \$5,600,000 (not inclusive of capital leases and the mortgage payable). The total outstanding bonds decreased \$1,180,000 during the current year.

A summary of the City's debt (including capital leases and mortgages payable) activity in 2014 follows:

Beginning balance, January 1, 2014	\$	7,445,440
Additions		143,464
Repayments and amortization of premiums and discounts		<u>(1,352,429)</u>
Ending balance, December 31, 2014	\$	<u><u>6,236,475</u></u>

More detailed information about the City's debt activity can be found in Note 7 to the financial statements.

**CAPITAL ASSETS**

At December 31, 2014, the City's Governmental Activities had \$13,351,099 invested in capital assets. The Proprietary Activities had \$8,075,607 invested in capital assets. During 2014, the City purchased total capital assets of \$1,029,848.

More detailed information regarding the City's capital assets is included in the Note 5 to the financial statements.

**CITY OF GREENSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**ECONOMIC OUTLOOK**

As is the case with most local governments, the City is struggling to continue to provide its citizens the same level of service that they have come to expect over the years. The City is keeping a close eye on the state of the economy and its effect on the City's budget. The majority of the City's tax base is residential. Approximately 34% of the total real estate assessed value is tax exempt, which presents unique challenges in balancing service demands with revenue streams. The City residents take pride in their community and maintain their neighborhoods. The City remains a very desirable place to live, work, and play.

There is very little vacant commercial land available for new construction. Most future commercial building will be through renovations and rebuilding of existing structures. Construction of a Seton Hill University Center for the Dance and Visual Arts in the downtown area, and a major renovation and addition to the Westmoreland Museum of American Arts are nearly complete.

There was no tax increase in the 2015 General Fund budget and real estate taxes remained at 25.05 mills.

The City Council and management continue to meet the ever increasing challenges of securing all monies due to the City and controlling expenditures in an effort to continue to provide outstanding service at a reasonable cost. The City offers many services, including the administration of police and fire protection, parks and recreation, public works, finance, and planning. The community benefits from the coordination of these services and strong community leadership.

During 2013, the City issued bonds totaling \$1,500,000 to fund a guaranteed energy savings project. Projects include lighting upgrades at all City facilities, boiler and cooling tower replacements at the City hall building and installation of an air curtain at the Kirk S. Nevin Ice Arena. The energy savings from these capital improvements is leveraged to fund the debt service payment and is guaranteed by the Energy Services Company (ESCO). The project was completed in 2014.

The City's debt payment schedule is structured so that a large portion will be retired at the end of 2015. We anticipate approximately \$600,000 in savings to the 2016 budget which will initially be utilized to help fund increasing pension and health care costs as well as funding capital projects and purchases that have been postponed due to lack of available monies.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

Fiscal Director  
City of Greensburg  
416 South Main Street  
Greensburg, PA 15601

**CITY OF GREENSBURG**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 4,227,511	\$ 528,992	\$ 4,756,503
Receivables			
Taxes	1,182,926	-	1,182,926
Intergovernmental	3,587,150	-	3,587,150
Other	123,541	6,392	129,933
Prepaid expenses	76,454	-	76,454
Total Current Assets	<u>9,197,582</u>	<u>535,384</u>	<u>9,732,966</u>
Noncurrent Assets			
Restricted assets			
Escrow accounts	25,400	-	25,400
Long-term receivables	-	70,400	70,400
Capital assets, not being depreciated	1,187,012	946,225	2,133,237
Capital assets, net of accumulated depreciation	18,302,906	7,227,038	25,529,944
Total noncurrent assets	<u>19,515,318</u>	<u>8,243,663</u>	<u>27,758,981</u>
Total Assets	<u>28,712,900</u>	<u>8,779,047</u>	<u>37,491,947</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	3,734,582	138,080	3,872,662
Accrued interest	17,872	-	17,872
Other accrued liabilities	189,798	9,316	199,114
Unearned revenue	-	12,580	12,580
Liabilities payable from restricted assets	25,400	-	25,400
Due within one year	1,325,803	47,509	1,373,312
Total Current Liabilities	<u>5,293,455</u>	<u>207,485</u>	<u>5,500,940</u>
Noncurrent Liabilities			
Other postemployment benefits liability	1,930,388	67,152	1,997,540
Due in more than one year	4,923,134	50,147	4,973,281
Net pension obligation	69,256	-	69,256
Total Noncurrent Liabilities	<u>6,922,778</u>	<u>117,299</u>	<u>7,040,077</u>
Total Liabilities	<u>12,216,233</u>	<u>324,784</u>	<u>12,541,017</u>
<b>Net Position</b>			
Net investment in capital assets	13,351,099	8,075,607	21,426,706
Restricted for			
Liquid fuels	268,949	-	268,949
Emergency assistance	1,921	-	1,921
Capital projects	707,520	-	707,520
Debt service	69,894	-	69,894
Unrestricted	2,097,284	378,656	2,475,940
Total Net Position	<u>\$ 16,496,667</u>	<u>\$ 8,454,263</u>	<u>\$ 24,950,930</u>

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



**CITY OF GREENSBURG**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-Type	Total Primary
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	Government
Governmental Activities							
Department of Public Affairs and Safety	\$ 9,218,276	\$ 439,059	\$ 4,043,416	\$ 14,190	\$ (4,721,611)	\$ -	\$ (4,721,611)
Department of Accounts and Finance	1,557,991	29,650	53,330	-	(1,475,011)	-	(1,475,011)
Department of Administrative Development	1,232,371	70,522	-	-	(1,161,849)	-	(1,161,849)
Department of Public Works	1,526,700	51,690	436,009	50,456	(988,545)	-	(988,545)
Department of Parks and Recreation	1,611,511	916,910	154,865	-	(539,736)	-	(539,736)
Interest	177,738	-	-	-	(177,738)	-	(177,738)
Total Governmental Activities	15,324,587	1,507,831	4,687,620	64,646	(9,064,490)	-	(9,064,490)
Business-Type Activities							
Parking revenue fund	680,092	1,320,866	-	-	-	640,774	640,774
Hutchinson Garage fund	316,237	516,561	-	-	-	200,324	200,324
Total Business-Type Activities	996,329	1,837,427	-	-	-	841,098	841,098
Total Primary Government	\$ 16,320,916	\$ 3,345,258	\$ 4,687,620	\$ 64,646	(9,064,490)	841,098	(8,223,392)
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,086,689	-	3,086,689
Earned income tax					3,184,556	-	3,184,556
Business privilege tax					444,185	-	444,185
Local service tax					553,543	-	553,543
Other taxes levied for general purposes					304,958	-	304,958
Interest, rents, and royalties					6,939	128	7,067
Franchise fees					278,650	-	278,650
Gain (loss) on disposal of capital assets					(20,339)	-	(20,339)
Miscellaneous income					204,811	1,519	206,330
Internal transfers					1,063,980	(1,063,980)	-
Total General Revenues, Special Items and Transfers					9,107,972	(1,062,333)	8,045,639
Change in Net Position					43,482	(221,235)	(177,753)
Beginning Net Position					16,453,185	8,675,498	25,128,683
Ending Net Position					\$ 16,496,667	\$ 8,454,263	\$ 24,950,930

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

**CITY OF GREENSBURG**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2014**

	<b>General Fund</b>	<b>Grant Fund</b>	<b>2013 General Obligation Bonds Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 2,522,021	\$ -	\$ 7,607	\$ 48,926	\$ 1,674,357	\$ 4,252,911
Receivables						
Taxes (net)	1,117,170	-	-	65,756	-	1,182,926
Intergovernmental	-	3,575,187	-	-	11,963	3,587,150
Prepaid expenses	76,454	-	-	-	-	76,454
Other receivables	122,352	939	-	-	250	123,541
	<u>3,837,997</u>	<u>3,576,126</u>	<u>7,607</u>	<u>114,682</u>	<u>1,686,570</u>	<u>9,222,982</u>
Total Assets						
	\$ <u>3,837,997</u>	\$ <u>3,576,126</u>	\$ <u>7,607</u>	\$ <u>114,682</u>	\$ <u>1,686,570</u>	\$ <u>9,222,982</u>
<b>Liabilities</b>						
Accounts payable	\$ 136,907	\$ 3,576,126	\$ -	\$ -	\$ 21,549	\$ 3,734,582
Other accrued liabilities	215,198	-	-	-	-	215,198
Deferred revenue	499,054	-	-	44,788	-	543,842
	<u>851,159</u>	<u>3,576,126</u>	<u>-</u>	<u>44,788</u>	<u>21,549</u>	<u>4,493,622</u>
Total Liabilities						
	<u>851,159</u>	<u>3,576,126</u>	<u>-</u>	<u>44,788</u>	<u>21,549</u>	<u>4,493,622</u>
<b>Fund Balance</b>						
Non-spendable - prepaid expenses	76,454	-	-	-	-	76,454
Restricted						
Emergency assistance	-	-	-	-	1,921	1,921
Liquid fuels	-	-	-	-	268,949	268,949
Capital projects	-	-	7,607	-	699,913	707,520
Debt service	-	-	-	69,894	-	69,894
Committed						
Community event	-	-	-	-	152,115	152,115
Capital projects	-	-	-	-	542,123	542,123
Unassigned	2,910,384	-	-	-	-	2,910,384
	<u>2,986,838</u>	<u>-</u>	<u>7,607</u>	<u>69,894</u>	<u>1,665,021</u>	<u>4,729,360</u>
Total Fund Balance						
	<u>2,986,838</u>	<u>-</u>	<u>7,607</u>	<u>69,894</u>	<u>1,665,021</u>	<u>4,729,360</u>
Total Liabilities and Fund Balance	\$ <u>3,837,997</u>	\$ <u>3,576,126</u>	\$ <u>7,607</u>	\$ <u>114,682</u>	\$ <u>1,686,570</u>	\$ <u>9,222,982</u>

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

**CITY OF GREENSBURG**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2014**

<b>Total Fund Balance - Governmental Funds</b>	\$	4,729,360
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is 33,508,851 and the accumulated depreciation is \$14,018,933.		19,489,918
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Taxes receivable will be collected in future years but are not available soon enough to pay for the current year's expenditures and, therefore, are deferred in those funds.		543,842
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The net OPEB liability is a long-term liability that is not due and payable in the current period and, therefore, is not reported as a liability in the funds.		(1,930,388)
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The net pension liability is not due and payable in the current period and, therefore, it is not reported as a liability in the governmental funds.		(69,256)
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Liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements consist of the following at year end:

Bonds and notes payable	(5,800,000)		
Capital leases obligations	(314,996)		
Compensated absences	(110,118)		
Accrued interest	(17,872)		
			(6,242,986)

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.		(23,823)
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<b>Total Net Position - Governmental Funds</b>	\$	<u><u>16,496,667</u></u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General Fund</b>	<b>Grant Fund</b>	<b>2013 General Obligation Bonds Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Revenues						
Taxes	\$ 6,368,808	\$ -	\$ -	\$ 1,175,724	\$ -	\$ 7,544,532
Licenses and permits	526,607	-	-	-	16,560	543,167
Fines and forfeits	242,536	-	-	-	-	242,536
Charges for services	1,029,535	-	-	-	73,877	1,103,412
Intergovernmental revenue	565,116	3,575,187	15,000	-	353,561	4,508,864
Interest, rent, and earnings on investments	6,520	-	30	-	388	6,938
Miscellaneous	237,111	569	-	-	121,099	358,779
Total Revenues	<u>8,976,233</u>	<u>3,575,756</u>	<u>15,030</u>	<u>1,175,724</u>	<u>565,485</u>	<u>14,308,228</u>
Expenditures						
Department of Public Affairs and Safety	5,068,116	3,577,827	-	-	16,616	8,662,559
Department of Accounts and Finance	1,559,119	-	-	-	-	1,559,119
Department of Administrative Development	1,097,079	-	-	-	-	1,097,079
Department of Public Works	1,135,901	-	-	-	184,718	1,320,619
Department of Parks and Recreation	1,223,855	-	-	-	211,653	1,435,508
Capital outlay	-	-	76,343	-	444,294	520,637
Debt service						
Principal	-	-	-	1,180,000	-	1,180,000
Interest	-	-	-	178,593	-	178,593
Total Expenditures	<u>10,084,070</u>	<u>3,577,827</u>	<u>76,343</u>	<u>1,358,593</u>	<u>857,281</u>	<u>15,954,114</u>
Excess (deficiency) of Revenues over Expenditures before other Financing Activities	<u>(1,107,837)</u>	<u>(2,071)</u>	<u>(61,313)</u>	<u>(182,869)</u>	<u>(291,796)</u>	<u>(1,645,886)</u>
Other Financing Sources (Uses)						
Transfers in	850,000	-	-	228,880	311,467	1,390,347
Transfers out	(5,000)	-	(321,367)	-	-	(326,367)
Proceeds from sale of fixed assets	-	-	-	-	5,000	5,000
Total Other Financing Sources (Uses)	<u>845,000</u>	<u>-</u>	<u>(321,367)</u>	<u>228,880</u>	<u>316,467</u>	<u>1,068,980</u>
Net Change in Fund Balance	(262,837)	(2,071)	(382,680)	46,011	24,671	(576,906)
Fund Balance - Beginning of Year	<u>3,249,675</u>	<u>2,071</u>	<u>390,287</u>	<u>23,883</u>	<u>1,640,350</u>	<u>5,306,266</u>
Fund Balance - End of Year	<u>\$ 2,986,838</u>	<u>\$ -</u>	<u>\$ 7,607</u>	<u>\$ 69,894</u>	<u>\$ 1,665,021</u>	<u>\$ 4,729,360</u>

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

**CITY OF GREENSBURG**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF**  
**ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Net Change in Fund Balance - Governmental Funds** \$ (576,906)

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

Governmental funds report capital outlays 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 exceeded depreciation in the current year.

Capital outlays	693,588	
Less: depreciation expense, net of deletions	980,883	(287,295)

Because some taxes will not be collected for several months after the City of Greensburg's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues related to taxes increased (decreased) by this amount during the year. 16,499

Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on the change in net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is shown below:

Proceeds from new capital leases	(143,464)	
Amortization of bond premium/discount	12,578	
Repayment of bond principal	1,180,000	
Repayment of capital lease principal	114,840	1,163,954

Governmental funds do not report the net pension obligation and the other post employment benefits liability as they are not considered a use of financial resource. The net pension obligation and OPEB obligation increased by this amount during the year. (258,038)

In the statement of activities, certain operating expenses for accumulated employee benefits such as vacations and sick days 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. This amount represents the difference between the amount earned versus the amount used. (14,732)

**Change in Net Position of Governmental Activities** \$ 43,482

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

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**GENERAL FUND**

	<b>Budgeted Amounts</b>			<b>Variance Final vs. Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual</b>
Revenues				
Taxes	\$ 6,211,657	\$ 6,211,657	\$ 6,368,808	\$ 157,151
Licenses and permits	397,800	397,800	526,607	128,807
Fines and forfeits	244,725	244,725	242,536	(2,189)
Charges for services	1,030,165	1,030,165	1,029,535	(630)
Intergovernmental revenue	617,800	617,800	565,116	(52,684)
Interest, rent, and earnings on investments	5,300	5,300	6,520	1,220
Miscellaneous	138,450	138,450	237,111	98,661
Total Revenues	<u>8,645,897</u>	<u>8,645,897</u>	<u>8,976,233</u>	<u>330,336</u>
Expenditures				
Department of Public Affairs and Safety	5,086,064	5,086,064	5,068,116	(17,948)
Department of Accounts and Finance	1,808,600	1,808,600	1,559,119	(249,481)
Department of Administrative Development	1,126,742	1,126,742	1,097,079	(29,663)
Department of Public Works	1,213,845	1,213,845	1,135,901	(77,944)
Department of Parks and Recreation	1,265,643	1,265,643	1,223,855	(41,788)
Total Expenditures	<u>10,500,894</u>	<u>10,500,894</u>	<u>10,084,070</u>	<u>(416,824)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,854,997)</u>	<u>(1,854,997)</u>	<u>(1,107,837)</u>	<u>747,160</u>
Other Financing Sources (Uses)				
Transfers in	850,000	850,000	850,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Proceeds from the sale of fixed assets	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	<u>855,000</u>	<u>855,000</u>	<u>845,000</u>	<u>(10,000)</u>
Net Change in Fund Balances	<u>\$ (999,997)</u>	<u>\$ (999,997)</u>	<u>\$ (262,837)</u>	<u>\$ 737,160</u>

\* In 2014, the City budgeted for the use of \$1,000,000 of fund balance accumulated in prior years.

\* The Original and Final Budget was adjusted for health insurance costs that were originally budgeted in the Department of Accounts and Finance. For reporting purposes, these expenditures are allocated to the applicable department. The amount allocated for Actual reporting was allocated within the Original and Final Budget amounts to ensure comparability.

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



**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**GRANT FUND**

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final vs. Actual</b>
Revenues				
Intergovernmental revenue	\$ 6,000,000	\$ 7,000,000	\$ 3,575,187	\$ (3,424,813)
Miscellaneous	2,388	2,388	569	(1,819)
Total Revenues	6,002,388	7,002,388	3,575,756	(3,426,632)
Expenditures				
Departement of Public Affairs and Safety	6,002,388	7,002,388	3,577,827	(3,424,561)
Total Expenditures	6,002,388	7,002,388	3,577,827	(3,424,561)
Excess (Deficiency) of Revenues				
Over Expenditures	-	-	(2,071)	(2,071)
Net Change in Fund Balances	\$ -	\$ -	\$ (2,071)	\$ (2,071)

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

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**2013 GENERAL OBLIGATION BONDS FUND**

	<b>Budgeted Amounts</b>			<b>Variance Final vs. Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual</b>
Revenues				
Intergovernmental revenue	\$ 30,000	\$ 30,000	\$ 15,000	\$ (15,000)
Interest, rent, and earnings on investments	30	30	30	-
Total Revenues	30,030	30,030	15,030	(15,000)
Expenditures				
Capital outlay	309,615	309,615	76,343	(233,272)
Total Expenditures	309,615	309,615	76,343	(233,272)
Excess (Deficiency) of Revenues Over Expenditures	(279,585)	(279,585)	(61,313)	218,272
Other Financing Sources (Uses)				
Operating transfers out	-	-	(321,367)	(321,367)
Total Other Financing Sources (Uses)	-	-	(321,367)	(321,367)
Net Change in Fund Balances	\$ (279,585)	\$ (279,585)	\$ (382,680)	\$ (103,095)

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

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**DEBT SERVICE FUND**

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final vs. Actual</b>
Revenues				
Taxes	\$ 1,184,195	\$ 1,184,195	\$ 1,175,724	\$ (8,471)
Total Revenues	1,184,195	1,184,195	1,175,724	(8,471)
Expenditures				
Debt service:				
Principal	1,180,000	1,180,000	1,180,000	-
Interest	178,593	178,593	178,593	-
Total Expenditures	1,358,593	1,358,593	1,358,593	-
Excess (Deficiency) of Revenues				
Over Expenditures	(174,398)	(174,398)	(182,869)	(8,471)
Other Financing Sources (Uses)				
Transfers in	228,880	228,880	228,880	-
Total Other Financing Sources (Uses)	228,880	228,880	228,880	-
Net Change in Fund Balances	\$ 54,482	\$ 54,482	\$ 46,011	\$ (8,471)

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

**CITY OF GREENSBURG**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AS OF DECEMBER 31, 2014**

	<b>Parking Revenue Fund</b>	<b>Hutchinson Garage Fund</b>	<b>Total Proprietary Fund Types</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 111,365	\$ 417,627	\$ 528,992
Receivables	531	5,861	6,392
Total Current Assets	<u>111,896</u>	<u>423,488</u>	<u>535,384</u>
Non-current assets			
Long-term receivable	70,400	-	70,400
Land	936,765	9,460	946,225
Buildings and other property and equipment	11,333,616	3,336,767	14,670,383
Less: accumulated depreciation	<u>(5,112,402)</u>	<u>(2,330,943)</u>	<u>(7,443,345)</u>
Total Noncurrent Assets, Net of Depreciation	<u>7,228,379</u>	<u>1,015,284</u>	<u>8,243,663</u>
Total Assets	<u>7,340,275</u>	<u>1,438,772</u>	<u>8,779,047</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and other current liabilities	14,227	133,169	147,396
Current portion of capital lease payable	25,244	22,265	47,509
Deferred revenue	<u>8,260</u>	<u>4,320</u>	<u>12,580</u>
Total Current Liabilities	<u>47,731</u>	<u>159,754</u>	<u>207,485</u>
Long-term liabilities			
Capital lease payable	26,646	23,501	50,147
Other post employment benefits liability	<u>33,576</u>	<u>33,576</u>	<u>67,152</u>
Total Long-Term Liabilities	<u>60,222</u>	<u>57,077</u>	<u>117,299</u>
Total Liabilities	<u>107,953</u>	<u>216,831</u>	<u>324,784</u>
<b>Net Position</b>			
Net investment in capital assets	7,106,089	969,518	8,075,607
Unrestricted	<u>126,233</u>	<u>252,423</u>	<u>378,656</u>
Total Net Position	<u>\$ 7,232,322</u>	<u>\$ 1,221,941</u>	<u>\$ 8,454,263</u>

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

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Parking Revenue Fund</b>	<b>Hutchinson Garage Fund</b>	<b>Total Proprietary Fund Types</b>
Operating Revenues			
Charges for services	\$ 1,320,866	\$ 516,561	\$ 1,837,427
Other operating revenue	789	730	1,519
Total Operating Revenues	<u>1,321,655</u>	<u>517,291</u>	<u>1,838,946</u>
Operating Expenses			
Department of Public Works	254,034	218,781	472,815
Depreciation	421,851	93,745	515,596
Total Operating Expenses	<u>675,885</u>	<u>312,526</u>	<u>988,411</u>
Operating Income	<u>645,770</u>	<u>204,765</u>	<u>850,535</u>
Nonoperating Revenues (Expenses)			
Operating transfers in	190,882	130,485	321,367
Operating transfers out	(1,073,880)	(311,467)	(1,385,347)
Interest, rents, and royalties	68	60	128
Interest expense	(4,207)	(3,711)	(7,918)
Total Nonoperating Expenses	<u>(887,137)</u>	<u>(184,633)</u>	<u>(1,071,770)</u>
Change in Net Position	(241,367)	20,132	(221,235)
Net Position - Beginning of Year	<u>7,473,689</u>	<u>1,201,809</u>	<u>8,675,498</u>
Net Position - End of Year	<u>\$ 7,232,322</u>	<u>\$ 1,221,941</u>	<u>\$ 8,454,263</u>

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

**CITY OF GREENSBURG**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Parking Revenue Fund</b>	<b>Hutchinson Garage Fund</b>	<b>Total Proprietary Fund Types</b>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 1,312,575	\$ 530,561	\$ 1,843,136
Payments to employees	(31,949)	(19,663)	(51,612)
Payments to suppliers	(217,790)	(204,457)	(422,247)
Net cash provided by operating activities	<u>1,062,836</u>	<u>306,441</u>	<u>1,369,277</u>
Cash Flows From Capital and Related Financing Activities:			
Capital expenditures	(14,893)	-	(14,893)
Principal and interest on capital leases	(28,124)	(24,805)	(52,929)
Net cash used in capital and related financing activities	<u>(43,017)</u>	<u>(24,805)</u>	<u>(67,822)</u>
Cash Flows from Noncapital Financing			
Interfund transfers, noncapital	<u>(1,073,880)</u>	<u>(311,467)</u>	<u>(1,385,347)</u>
Cash Flows From Investing Activities:			
Interest, rents, and royalties	<u>68</u>	<u>60</u>	<u>128</u>
Net Decrease in Cash and Cash Equivalents	(53,993)	(29,771)	(83,764)
Cash and Cash Equivalents - Beginning of Year	<u>165,358</u>	<u>447,398</u>	<u>612,756</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 111,365</u></u>	<u><u>\$ 417,627</u></u>	<u><u>\$ 528,992</u></u>
Reconciliation of Operating Income to Net Cash			
Provided by operating activities:			
Operating income	\$ 645,770	\$ 204,765	\$ 850,535
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	421,851	93,745	515,596
Changes in operating assets and liabilities			
(Increase) decrease in Accounts receivable	4,780	10,450	15,230
Increase (decrease) in Accounts payable and other accrued liabilities	(1,772)	(11,406)	(13,178)
Increase in OPEB liability	6,067	6,067	12,134
Deferred revenue	(13,860)	2,820	(11,040)
Net cash provided by operating activities	<u><u>\$ 1,062,836</u></u>	<u><u>\$ 306,441</u></u>	<u><u>\$ 1,369,277</u></u>

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



**CITY OF GREENSBURG**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF DECEMBER 31, 2014**

			<u>Agency Funds</u>		
	<b>Police Pension Trust Fund</b>	<b>Private Purpose Trust Fund - Thomas Lynch Concert Fund</b>	<b>Payroll Clearing Fund</b>	<b>Special Fund</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 61,054	\$ 7,554	\$ 190,181	\$ 258,789
Investments	18,334,652	-	-	-	18,334,652
Other receivables	32,493	-	-	195	32,688
Total Assets	<u>18,367,145</u>	<u>61,054</u>	<u>7,554</u>	<u>190,376</u>	<u>18,626,129</u>
<b>Liabilities</b>					
Due to other governments	-	-	7,554	190,376	197,930
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,554</u>	<u>190,376</u>	<u>197,930</u>
<b>Net Position</b>					
Net position restricted for pensions	18,367,145	-	-	-	18,367,145
Net position held in trust	-	61,054	-	-	61,054
Total Net Position	<u>\$ 18,367,145</u>	<u>\$ 61,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,428,199</u>

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

**CITY OF GREENSBURG**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Police Pension Trust Fund</b>	<b>Private Purpose Trust Fund - Thomas Lynch Concert Fund</b>	<b>Total</b>
Additions			
Contributions			
Commonwealth	\$ 383,395	\$ -	\$ 383,395
Employer	650,351	-	650,351
Employee	107,749	-	107,749
Total Contributions	<u>1,141,495</u>	<u>-</u>	<u>1,141,495</u>
Investment income			
Net appreciation (depreciation) in fair value of investment	739,894	-	739,894
Interest and dividends	392,848	11	392,859
Total investment income	<u>1,132,742</u>	<u>11</u>	<u>1,132,753</u>
Total Additions	<u>2,274,237</u>	<u>11</u>	<u>2,274,248</u>
Deductions:			
Benefit payments	976,940	-	976,940
Administration/other fees	79,073	-	79,073
Total Deductions	<u>1,056,013</u>	<u>-</u>	<u>1,056,013</u>
Change in Net Position	1,218,224	11	1,218,235
Net Position - Beginning of Year	<u>17,148,921</u>	<u>61,043</u>	<u>17,209,964</u>
Net Position - End of Year	<u>\$ 18,367,145</u>	<u>\$ 61,054</u>	<u>\$ 18,428,199</u>

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

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

The City of Greensburg (City), incorporated in 1926, is a Home Rule Municipality governed by a Charter passed by the voters in 1988 and is represented by a Mayor, who serves as President of City Council (Council), and four Council members. Each official is elected for overlapping four-year terms with elections taking place every two years. Council appoints a City Administrator, who is responsible for the day-to-day operations of the City under the direction of the Mayor and the Council. The City provides the following services as authorized by its charter: public safety, streets, health and social services, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

**Reporting Entity**

The City, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the City. The financial statements presented herein do not include agencies that have been formed under applicable state laws or separate and distinct units of government apart from the City.

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing body and 1) the City is able to significantly influence the programs or services performed or provided by the organization, 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City or that the City approves the budget or the issuance of debt.

Based on the foregoing criteria, the City has determined that no organizations are controlled by or dependent on the City during the year ended December 31, 2014.

**Excluded from the Reporting Entity**

The Aerobic Center Municipal Authority is not a part of the City's reporting entity. Although Council appoints Aerobic Center Municipal Authority Board members, the City has no accountability for fiscal matters.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenue sources not reported as program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. General tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, taxes must be collected within the City's period of availability of sixty (60) days. Franchise taxes, licenses, grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, other post-employment benefits, and claims and judgments, are recorded only when payment is due and payable.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City reports in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements. The purpose of this Statement is to incorporate into the GASB's authoritative literature, FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

With the implementation of GASB 63, the Statement of Net Assets became the Statement of Net Position. Along with the name change, the Statement of Net Position included two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in a Statement of Net Position in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are required to be reported in a Statement of Net Position in a separate section following liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City uses funds to maintain its financial records during the year. 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. Each category, in turn, is divided into separate "fund types" as follows:

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It finances the regular day-to-day operations of the City. It is used to account for all financial revenues and expenditures, except those required to be accounted for in another fund.

The Grant Fund is used solely for the pass through of grant monies.

The 2013 General Obligation Bond Fund is a Capital Projects Fund that was created in 2013 when the City obtained a general obligation bond for \$1.5 million to fund an Energy Savings Project.

The Debt Service Fund accounts for resources to be used for debt service expenditures.

The City reports the following major proprietary funds:

The Parking Revenue Fund generates revenue through metered and leased parking from three garages, 15 lots, and various on-street locations located throughout the City.

The Hutchinson Garage Fund accounts for the revenue that is generated by the garage that is located near the hospital within the city limits. At year-end, the net profit is divided based upon an agreement with the hospital.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

In addition, the City reports the following other governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

The Armstrong Fund is funded through a grant each year and is used for emergency assistance.

The Motor Tax Fund accounts for state aid revenues (liquid fuels tax) used for road repair and maintenance, equipment purchases, and winter maintenance services.

The Greensburg Community Days Fund accounts for the activity associated with this community event.

The St. Clair Park Concert Series Fund accounts for the activity associated with this community event.

Capital Projects Funds are used to account for financial resources to be used for the acquisition of major capital equipment or construction of major capital projects. Capital Projects Funds utilized to account for those financial activities include: the 2003 General Obligation Bonds Fund, 2005 General Obligation Note Fund, the Police Equipment Fund, the Fire Department Capital Equipment Fund, and the Hutchinson Garage Reserve Fund.

The City reports the following fiduciary funds:

Trust and Agency Funds are used to account for assets held in a capacity as a trustee or as an agent for other funds. The Police Retirement Fund and the Thomas Lynch Concert Fund are classified as Nonexpendable Trust Funds. The Payroll Clearing Fund and the Special Fund are classified as Agency Funds.

**Budgets and Budgetary Accounting**

An operating budget is adopted each year for all governmental funds on the cash basis (budgetary basis) as opposed to the modified accrual basis (GAAP basis).

The City's year begins January 1 and ends December 31 of each year. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. On or before the fifteenth day of October of each year, the individual department directors submit to the fiscal director the proposed budget for their individual departments for the ensuing year.



**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Budgets and Budgetary Accounting** (continued)

2. On or before the 60th day prior to the end of the year, the fiscal director shall submit to the Council a proposed budget for the ensuing year.
3. The budget shall provide a complete financial plan for all City funds and activities for the ensuing year. The total of proposed expenditures shall not exceed the total of estimated income.
4. A general summary of the budget is advertised within 20 days of receipt. This summary includes a notice stating the times and places where the budget is available for public inspection, and the place and time, not less than seven days after the notice and at least fourteen days before adoption, for a public hearing on the budget.
5. After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by applicable law, for debt service, or for estimated cash deficit; but no amendment of the budget shall increase the authorized expenditures to any amount greater than the estimated income.

The legal level of control for expenditures (level at which expenditures cannot legally exceed appropriations) is the surplus or deficit of the fund as a whole. Any excess appropriations at the end of the year are not carried forward, but instead lapse.

The procedures as described above are the same for all funds with the following exception for the capital project funds: the Finance Director prepares and submits the capital projects budget to Council at least three months prior to the final date for submission of the budget.

**Budgetary Comparison**

The General Fund tax revenues were greater than budgeted amounts due to increased collections. The Department of Accounts and Finance expenditures were less than budget amounts due primarily to a budgeted increase in insurance costs that did not occur.

The Grant Fund intergovernmental revenues and Department of Public Affairs and Safety expenses are less than budgeted amounts due to the fact that, although some pass-through PA RACP grant money was received by the City for the construction of the Seton Hill University Center for the Dance and Visual Arts, additional money was to be received for that project as well as the Westmoreland Museum project from that grant and was budgeted but not actually received in the current year due to delays in the projects.

The 2013 General Obligation Bond Fund capital outlays were less than budgeted amounts and transfers out were greater than budgeted amounts due to a capital outlays transfer out of this fund for capitalized assets related to proprietary funds that related to the ESCO project that was completed in the current year. This transfer was originally budgeted as a capital outlay.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less when purchased.

**Investments**

Investments in all funds are carried at fair value, including the investments in the Pension Trust Fund. Investments consist of a variety of investments including direct obligations of the U.S. government, money market funds, corporate and other obligations, and money market funds. Note 2 provides a detailed disclosure regarding cash, cash equivalents, and investments.

**Interfund Activity in the Government-Wide Financial Statements**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "due to/from other funds." The effect of interfund activity has been eliminated in the government-wide financial statements. Flow of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in the governmental funds.

**Property and Earned Income Taxes**

Property tax revenue and earned income tax revenue are recognized based on amounts levied to the extent expected to be collected. In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," earned income taxes are recognized as a receivable when the obligation to pay the tax is incurred by the taxpayer (i.e., income subject to the taxes earned). Property taxes and earned income taxes not collected within 60 days of year end, reflected on the balance sheet as taxes receivable, are offset by deferred revenue on the governmental fund financial statements. Interest and penalty charges accrued on unpaid taxes are recognized as revenue when received. Tax refunds are charged against revenues when paid.

**Intergovernmental Receivables**

Accounts receivable related to grant activity are recorded as intergovernmental receivables when earned.

**Capital Assets of the Primary Government**

Capital assets, which include property, improvements, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Capital Assets of the Primary Government (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The capital assets of the City are depreciated using the straight line method over the estimated useful lives of the asset as follows. No depreciation expense is recorded for land or construction-in-progress.

Buildings and Improvements	5-40 years
Land Improvements	15-40 years
Equipment and Vehicles	5-15 years
Infrastructure	20-50 years

Compensated Absences

Vacation and personal time for non-uniformed employees must be used by year-end. Sick time for non-uniformed employees is not paid when an employee terminates. When an employee retires, the employee is paid \$30 per sick day up to 100 sick days. Also, depending on their days in their "sick bank," employees are given the following bonuses upon retirement: 10-25 days: \$500, 26-50 days: \$1,000, 51-100 days: \$1,500, 101 days and above: \$2,000. The sick time accrual has been determined to be immaterial in nature for non-uniformed employees; and therefore, a compensated absence accrual has not been recorded in the financial statements.

Employees under the police union contract are entitled to the payment of not more than 18 days combined of unused book days, vacation days, personal days, and compensatory days upon retirement. The accumulated days will be paid at the employee's regular base pay.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In the government-wide financial statements, a police compensated absence accrual of \$110,118 is recorded as a noncurrent liability due in more than one year.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds are reported net of the applicable unamortized bond premium or discount.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Fund Financial Statements: Fund Balance**

GASB Statement No. 54 established accounting and financial standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follows:

**Non-spendable**

The non-spendable fund balance category includes amounts that cannot be spent because they are not in a spendable form or are legally or contractually required to be maintained intact.

**Restricted**

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed**

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

**Assigned**

Amounts in assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated with that authority.

**Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

Fund Financial Statements: Fund Balance (continued)

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Government-wide and Proprietary Fund Financial Statements: Net Position

The net position is classified into three components; net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net position consists of constraints placed on net position use through external restrictions. The City had net position restricted for liquid fuels, emergency assistance, capital projects, and debt service at December 31, 2014.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pending Pronouncements

GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions," effective for the year ending December 31, 2015. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize the long-term obligation for their pension benefits as a liability for the first time and measure the annual costs of pension benefits more comprehensively and comparably. In addition, the Statement requires new note disclosures and RSI. The effect of implementation of this statement has not yet been determined.

Adoption of Pronouncement

The City has adopted GASB Statement No. 67, "*Financial Reporting for Pension Plans*," effective for periods beginning after June 15, 2013. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement and addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have certain characteristics.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Primary Government

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the City adheres to state statutes and prudent business practices. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, invested with approved investment pools, and/or certificates of deposit. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

GASB Statement No. 40, "Deposit and Investment Risk Disclosures," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the City's deposit and investment risks:

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At December 31, 2014, \$3,270,068 of the City's bank balance of \$3,770,068 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$4,224,150 as of December 31, 2014.

In addition to the deposits noted above, included in cash and cash equivalents on the statement of net position are investments with the Pennsylvania Local Government Investment Trust (PLGIT) of \$557,753. The fair value of the City's investments with PLGIT, which is an external investment pool, is the same as the value of pooled shares.

Concentration of Credit Risk – City deposits greater than 5 percent of total City deposits were with the following institutions at December 31, 2014:

Citizens Bank	\$ 2,478,322	57.3%
First Commonwealth	1,291,746	29.8%
PLGIT	557,753	12.9%

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the City's investments. The City 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. The City's investments in PLGIT are short-term with maturities of less than one year and are included within cash and cash equivalents.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (continued)

**Primary Government** (continued)

Credit Risk - The City has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. PLGIT has a rating of AAAM by Standard & Poor's at December 31, 2014.

The funds in the Thomas Lynch Concert Series Fund, which is a private purpose trust fund, are held separately from those of other City funds. The entire balance of \$61,054 is held in a PLGIT account. The entire balance was exposed to custodial credit risk at December 31, 2014.

There are also funds in the Payroll Clearing Fund and the Special Fund, which are agency funds that are held separately from those of other City funds. The entire balances of \$199,355 are held in interest bearing accounts at a local bank. The entire balance was not exposed to custodial credit risk at December 31, 2014.

The City has no foreign currency risks for any of its funds.

**Pension Trust Fund**

The Pension Trust Fund is used to account for assets held by the City in a trustee capacity for future payment of retirement benefits to employees or former employees.

As of December 31, 2014, the City had the following investments in its Pension Trust Fund:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2014			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 534,325	\$ -	\$ 238,374	\$ 295,951	\$ -
U.S. Government Agencies	304,059	-	-	269,871	34,188
Corporate bonds	1,860,739	-	946,057	914,682	-
Municipal bonds	50,392	-	50,392	-	-
Certificates of deposit	1,075,580	63,019	1,012,561	-	-
Mortgage pools	832,588	-	97	95,347	737,144
Collateralized mortgage obligations and asset backed securities	1,282,754	-	307,133	121,911	853,710
Total debt securities	<u>5,940,437</u>	<u>63,019</u>	<u>2,554,614</u>	<u>1,697,762</u>	<u>1,625,042</u>
Cash and cash equivalents	706,325				
Common stock	10,056,522				
Mutual funds	<u>1,631,368</u>				
Total investments reported on statement of fiduciary net position	\$ <u>18,334,652</u>				

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (continued)

Pension Trust Fund (continued)

Fair value of investments is determined based on quoted market prices on active markets.

The following is a description of the Pension Trust Fund's deposit and investment risks:

**Interest Rate Risk** - The City's Police Pension Fund Investment Policy (Pension Investment Policy) does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk** – The City places no limit on the amount the City can invest in any one issuer. More than five percent of the City's investments are in the following investments:

McKee International Equity Portfolio	\$ 1,631,368	8.9%
--------------------------------------	--------------	------

**Credit Risk** - The City's Pension Investment Policy does not address the risk an issuer or other counterparty to an investment will not fulfill its obligations, other than requiring commercial paper assets to be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively. As of December 31, 2014, the Police Pension Trust Fund investments were rated the following:

**Credit Quality Distribution for Securities with Credit Exposure**

<u>Investment Type</u>	<u>Rating</u>	<u>% of Investment Type</u>
U.S. Government Treasuries	Aaa	100%
U.S. Government Agencies	Aaa	100%
Corporate Bonds	A1	17%
Corporate Bonds	A2	26%
Corporate Bonds	A3	12%
Corporate Bonds	Aa1	13%
Corporate Bonds	Aa2	5%
Corporate Bonds	Aa3	4%
Corporate Bonds	Aaa	4%
Corporate Bonds	Baa1	10%
Corporate Bonds	Baa2	9%
Municipal Bonds	Aa3	100%
Mortgage Pools	N/A	100%
Collateralized Mortgage Obligations and Asset Back Securities	AA+	2%
Collateralized Mortgage Obligations and Asset Back Securities	Aa2	2%
Collateralized Mortgage Obligations and Asset Back Securities	Aa3	2%
Collateralized Mortgage Obligations and Asset Back Securities	Aaa	80%
Collateralized Mortgage Obligations and Asset Back Securities	AAA	14%



**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (continued)

**Pension Trust Fund** (continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. City's Pension Investment Policy does not limit the holding of securities by counterparties.

Concentration of Credit Risk - The City's Pension Investment Policy requires that no more than 5% of the total equity holdings of the entire Fund shall be invested in the securities of any one issuer. Additionally, no more than 15% of the total Fund equity holdings shall be invested in any one industry, and investments in any corporation shall not exceed 5% of the outstanding shares of the corporation. Similarly, fixed income investments in any one issuer (excluding direct or indirect obligations of the U.S. Government) shall not exceed 5% of the total fixed income assets of the entire fund, and fixed income holdings by the Fund should not represent more than 5% of a total particular issue. No violations of the Pension Investment Policy existed at December 31, 2014.

**NOTE 3 – INTERGOVERNMENTAL RECEIVABLES**

During 2014, the City was passing through funds from a PA RACP grant to Seton Hill University relating to the new construction of the Seton Hill University Center for the Dance and Visual Arts. As of December 31, 2014, \$3,575,187 of costs had been incurred, but the grant reimbursement income was not received. Therefore at December 31, 2014, the City recognized \$3,575,187 as intergovernmental receivable and intergovernmental revenue, as well as accounts payable and an expense in the Department of Public Affairs and Safety in the same amount.

**NOTE 4 – ACCOUNTS RECEIVABLE - OTHER**

Accounts receivable - other in the governmental funds at December 31, 2014 consisted of the following:

Comcast franchise fee	\$ 70,028
Miscellaneous receivables	53,513
	<u>\$ 123,541</u>

The City also has a receivable from the Westmoreland County Transit Authority in connection with the assumption of the assets and liabilities of the Greensburg Parking Authority. The total outstanding balance of \$70,400 is due to the City on or before December 1, 2016.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS**

**Primary Government**

A summary of changes in capital assets during 2014 are as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 762,126	\$ -	\$ -	\$ -	\$ 762,126
Construction in progress	1,484,982	408,860	-	(1,468,956)	424,886
	<u>2,247,108</u>	<u>408,860</u>	<u>-</u>	<u>(1,468,956)</u>	<u>1,187,012</u>
Capital assets, being depreciated:					
Buildings and improvements	9,847,897	160,591	(8,813)	980,769	10,980,444
Land improvements	1,262,707	8,335	-	-	1,271,042
Equipment and vehicles	8,440,502	240,404	(50,809)	-	8,630,097
Infrastructure	11,076,671	196,765	-	166,820	11,440,256
	<u>30,627,777</u>	<u>606,095</u>	<u>(59,622)</u>	<u>1,147,589</u>	<u>32,321,839</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,406,623)	(223,890)	1,469	-	(5,629,044)
Land improvements	(947,894)	(26,442)	-	-	(974,336)
Equipment and vehicles	(5,545,153)	(474,015)	32,814	-	(5,986,354)
Infrastructure	(1,198,003)	(231,196)	-	-	(1,429,199)
Total Accumulated Depreciation	<u>(13,097,673)</u>	<u>(955,543)</u>	<u>34,283</u>	<u>-</u>	<u>(14,018,933)</u>
 Governmental Activities:					
Capital Assets, Net	<u>\$ 19,777,212</u>	<u>\$ 59,412</u>	<u>\$ (25,339)</u>	<u>\$ (321,367)</u>	<u>\$ 19,489,918</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 359,918
Department of Accounting and Finance	12,110
Department of Administration Development	114,829
Department of Public Works	233,509
Department of Parks and Recreation	235,177
	<u>\$ 955,543</u>

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS** (continued)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 946,225	\$ -	\$ -	\$ -	\$ 946,225
	<u>946,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946,225</u>
Capital assets, being depreciated:					
Buildings and improvements	8,481,451	-	-	321,367	8,802,818
Land improvements	5,306,506	-	-	-	5,306,506
Equipment and vehicles	523,743	-	-	-	523,743
Infrastructure	22,423	14,893	-	-	37,316
	<u>14,334,123</u>	<u>14,893</u>	<u>-</u>	<u>321,367</u>	<u>14,670,383</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,741,428)	(228,105)	-	-	(4,969,533)
Land improvements	(2,008,988)	(252,002)	-	-	(2,260,990)
Equipment and vehicles	(176,864)	(34,916)	-	-	(211,780)
Infrastructure	(469)	(573)	-	-	(1,042)
Total Accumulated Depreciation	<u>(6,927,749)</u>	<u>(515,596)</u>	<u>-</u>	<u>-</u>	<u>(7,443,345)</u>
Business-Type Activities					
Capital Assets, Net	\$ <u>8,352,599</u>	\$ <u>(500,703)</u>	\$ <u>-</u>	\$ <u>321,367</u>	\$ <u>8,173,263</u>

Depreciation expense related to the Parking Revenue Fund and the Hutchinson Garage Fund are included in business-type activities.

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers at December 31, 2014 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 850,000	\$ 5,000
2013 General Obligation Bonds Fund	-	321,367
Debt Service Fund	228,880	-
Parking Revenue	190,882	1,073,880
Hutchinson Garage	130,485	311,467
Other Governmental	<u>311,467</u>	<u>-</u>
Total	\$ <u>1,711,714</u>	\$ <u>1,711,714</u>

Transfers between funds mainly represent reimbursements and administrative fees paid on behalf of other funds and transfers required by local ordinances and agreements.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT**

Long-term liability activity for the City for year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Repayment	Ending Balance	Due Within One Year
<i><u>Governmental Activities</u></i>					
General Obligation Bonds	\$ 6,780,000	\$ -	\$ 1,180,000	\$ 5,600,000	\$ 1,210,000
Mortgage payable	200,000	-	-	200,000	-
Capital leases	286,372	143,464	114,840	314,996	115,803
Compensated absences	95,386	14,732	-	110,118	-
Total Face Value of Long-Term Debt	<u>7,361,758</u>	<u>158,196</u>	<u>1,294,840</u>	<u>6,225,114</u>	<u>1,325,803</u>
Premiums	37,985	-	12,662	25,323	-
Discounts	<u>(1,584)</u>	<u>-</u>	<u>(84)</u>	<u>(1,500)</u>	<u>-</u>
Total Governmental Activities	<u>7,398,159</u>	<u>158,196</u>	<u>1,307,418</u>	<u>6,248,937</u>	<u>1,325,803</u>
<i><u>Business-type Activities</u></i>					
Capital leases	<u>142,667</u>	<u>-</u>	<u>45,011</u>	<u>97,656</u>	<u>47,509</u>
Total Business-Type Activities	<u>142,667</u>	<u>-</u>	<u>45,011</u>	<u>97,656</u>	<u>47,509</u>
Total	<u>\$ 7,540,826</u>	<u>\$ 158,196</u>	<u>\$ 1,352,429</u>	<u>\$ 6,346,593</u>	<u>\$ 1,373,312</u>

**General Obligation Bonds**

*2011 Bonds*

On October 4, 2011, the City issued General Obligation Bonds, Refunding Series of 2011 (2011 Bonds) in the amount of \$7,405,000. The proceeds of the 2011 Bonds were used for a current refunding of the outstanding General Obligation Bonds, Series of 2001, General Obligation Bond, Series of 2003, and General Obligation Note, Series of 2005.

At December 31, 2014, the amount outstanding relating to the 2011 Bonds was \$4,170,000. The 2011 Bonds carry interest rates ranging from 1.25% to 3.50% and mature through 2026.

*2013 Bonds*

On August 8, 2013, the City issued General Obligation Bonds, Series of 2013 in the amount of \$1,500,000. The proceeds of the 2013 Bonds were used to fund capital projects related to a guaranteed energy agreement and pay the costs of issuing and insuring the Bonds.

At December 31, 2014, the amount outstanding relating to the 2013 Bonds was \$1,430,000. The 2013 Bonds carry interest rates ranging from .4% to 2.0% and mature in differing amounts through December 2032.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT** (continued)

Mortgage Payable

A \$200,000 obligation of the Greensburg Parking Authority was assumed by the City in 2008 in conjunction with the termination of the Greensburg Parking Authority. The full amount of the interest-free mortgage is payable to the Redevelopment Authority of Westmoreland County in 2016.

Annual debt service requirements for the General Obligation Bond and mortgage payable are as follows:

Year Ending December 31,	Principal	Interest	Total Payments
2015	\$ 1,210,000	\$ 144,034	\$ 1,354,034
2016	805,000	128,983	933,983
2017	290,000	118,812	408,812
2018	300,000	113,392	413,392
2019	305,000	107,046	412,046
2020-2024	1,665,000	401,937	2,066,937
2025-2029	900,000	152,800	1,052,800
2030-2032	325,000	29,475	354,475
	\$ 5,800,000	\$ 1,196,479	\$ 6,996,479

Obligations under Capital Leases

In June 2008, the City entered into a lease agreement for a street sweeper at a cost of \$141,194. The lease bears interest at a rate of 3.96% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2015. The principal balance remaining at December 31, 2014 was \$19,372.

In February 2011, the City entered into a lease agreement for a truck at a cost of \$31,700. The lease bears interest at a rate of 4.90% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2015. The principal balance remaining at December 31, 2014 was \$6,635.

In March 2012, the City entered into a lease agreement for golf carts at a cost of \$38,750. The lease bears interest at a rate of 4.23% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2016. The principal balance remaining at December 31, 2014 was \$15,801.

In April 2012, the City entered into a lease agreement for golf course mowing equipment at a cost of \$220,797. The lease bears interest at a rate of 4.05% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2017. The principal balance remaining at December 31, 2014 was \$112,445.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT** (continued)

Obligations under Capital Leases (continued)

In December 2012, the City entered into a lease agreement for a dump truck at a cost of \$48,960. The lease bears interest at a rate of 4.62% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2016. The principal balance remaining at December 31, 2014 was \$20,036.

In September 2013, the City entered into a lease agreement for a truck at a cost of \$45,509. The lease bears interest at 3.30% and requires annual payments of principal and interest of \$9,702. The lease is secured by the vehicle and will mature in 2017. The principal balance remaining at December 31, 2014 was \$27,286.

In April 2014, the City entered into a lease agreement for a paver at a cost of \$143,464. The lease bears interest at 2.25% and requires annual payments of principal and interest of \$30,046. The lease is secured by the paver and will mature in 2018. The principal balance remaining at December 31, 2014 was \$113,421.

In July 2010, the City entered into a lease agreement for parking garage equipment for the Bell and Hutchinson parking garages at a cost of \$168,397 and \$148,522, respectively. The leases bear interest at a rate of 5.55% and require annual payments of principal and interest of \$28,124 and \$24,805, respectfully. The leases are secured by the equipment and will mature in 2016. The principal balances remaining at December 31, 2014 were \$51,890 and \$45,766, respectively.

All of the aforementioned leases contain \$1 purchase options.

Future minimum lease payments for these capital leases for the years ending December 31 are as follows:

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Payments
2015	\$ 115,803	\$ 10,761	\$ 126,564
2016	92,968	6,497	99,465
2017	77,136	3,227	80,363
2018	29,089	661	29,750
	\$ <u>314,996</u>	\$ <u>21,146</u>	\$ <u>336,142</u>

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT** (continued)

*Business-type Activities:*

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2015	\$ 47,509	5,420	\$ 52,929
2016	50,147	2,783	52,930
	<u>\$ 97,656</u>	<u>\$ 8,203</u>	<u>\$ 105,859</u>

**NOTE 8 – REAL ESTATE TAX AND OTHER TAX LEVIES**

Real estate taxes are based on assessed valuations provided by Westmoreland County (County) and are levied on March 1. These taxes are billed and collected by a third party collection agency. Taxes paid through April 30 are given a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. By January 15th in the year following the billing, uncollected balances are returned to the Tax Claim Bureau of Westmoreland County who collects and liens the delinquent real estate taxes on behalf of the City.

For 2014, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$131,946,780), as follows:

General purposes	15.55 mills
Debt service	9.50 mills

The other taxes levied for 2014 were as follows:

Real estate transfer tax	0.50%
Local service tax	\$52
Earned income taxes	1.15%
Mechanical device tax	\$100
Mercantile tax, retail or wholesale	\$0.001 on each \$1 up to \$10,000
Business privilege tax	\$0.001 on each \$1 up to \$10,000

**NOTE 9 – PENSION PLANS**

The City administers two defined benefit pension plans covering substantially all full-time employees: the City Police Pension Plan (Police Plan), a single-employer plan for police officers and the Non-Uniformed Pension Plan (Non-Uniformed Plan), an agent multi-employer plan held by the Pennsylvania Municipal Retirement System (PMRS) for employees other than police. The plans provide retirement benefits to plan members. PMRS prepares financial statements for the Non-Uniformed Plan. Stand-alone financial statements are not issued for the Police Plan.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

Police Plan Description

Established July 6, 1959, the Police Plan is a defined benefit plan available to all full-time city police officers under Act 205 of the Commonwealth of Pennsylvania (Act). The Police Plan is governed by the Council which may amend the plan provisions, and which is responsible for the management of plan assets. The Police Retirement Commission, the plan administrator, has delegated the authority to manage the plan assets to a third party investment manager, separate from the plan's trustee. The commission is made up of the mayor, city administrator, fiscal director, and seven police officers, all of whom are approved by council and have experience with plan administration. City contributions are based on the MMO and member contributions are 5% of base, holiday, and shift pay plus \$1 per month.

For those police officers hired prior to January 1, 2009, participants are eligible for retirement upon the completion of 20 years of continuous service. Participants are fully vested in the Police Plan upon the completion of 12 years of continuous service. The monthly pension benefit is equal to 60 percent of the greater of the participant's monthly salary at retirement or the average monthly compensation over the participant's five highest years.

For those police officers hired after January 1, 2009, the participants are subject to the provisions of the Third Class City Code and are eligible to retire after 20 years of service and attainment of age 50. The monthly pension benefit is equal to 50 percent of the participant's final monthly average salary.

As of December 31, 2014, the plan had 59 active members, of which 26 were active employees and 33 were retirees and beneficiaries currently receiving benefits.

Police Plan Summary of Significant Accounting Policies

Financial information is presented on the accrual basis of accounting. Employer contributions to the Police Plan are recognized when earned. Benefits and refunds are recognized when incurred in accordance with the terms of the Police Plan.

Police Plan assets are reported at fair value. Police Plan assets are invested primarily in equities, U.S. Treasury obligations, corporate bonds, and certificates of deposit. See the summary of plan assets at Note 2. The Police Plan did not have any investment transactions with related parties during the year.

Police Plan Contributions and Funding Policy

Act 205 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO), which is based upon the biennial actuarial valuation. The Commonwealth of Pennsylvania (Commonwealth) allocates certain funds to assist in pension funding, which is funded by state foreign casualty insurance tax. Any financial requirement established by the MMO that exceeds the Commonwealth allocations must be funded by the City (and could include employee contributions). In 2014, the City used the Commonwealth allocation of \$383,395 for its Police Plan. The remaining \$650,351 of MMO was paid by the General Fund. In addition, employee contributions to the Police Plan for 2014 were \$107,749, which represents 5% of covered payroll.



**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

Police Plan Contributions and Funding Policy (continued)

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Police Plan and funded by investment earnings.

	<u>Police</u>
Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age
Amortization method	Level Dollar Closed
Amortization period	8 years
Asset valuation method	4-year smoothing
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.50%
Underlying inflation rate	3.00%

The City has a net pension obligation (NPO) for the Police Plan as of December 31, 2014, calculated as follows:

	<u>Police</u>
Annual required contribution	\$ 1,033,596
Interest on NPO	6,383
Adjustment to the ARC	<u>(16,764)</u>
Annual pension cost	1,023,215
Contribution made	<u>1,033,746</u>
Change in NPO	(10,531)
NPO, December 31, 2013	<u>79,787</u>
NPO, December 31, 2014	<u><u>\$ 69,256</u></u>

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

Participants

As of January 1, 2013, the date of the most recent actuarial valuation, participants in the Police Plan were as follows:

Participants:	
Active	26
In payment status:	
Retirement benefits	23
Disability benefits	1
Survivor benefits	<u>8</u>
Total	58

Police Plan Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (asset)</u>
12/31/2012	\$ 767,573	87%	\$ 96,684
12/31/2013	936,987	102%	79,787
12/31/2014	1,023,215	101%	69,256

Police Plan Funded Status

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2013, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$ 14,314,802	\$ 18,630,848	\$ (4,316,046)	76.83%	\$ 2,421,432	-178.24%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress also lists key changes in assumptions that occurred for the January 1, 2013 actuarial valuation.

The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

Net Pension Liability (NPL)

Total pension liability	\$ 20,610,199
Plan fiduciary net position	<u>(18,367,145)</u>
Net pension liability	\$ 2,243,054

Plan fiduciary net position as a percentage of the total pension liability	89.1%
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Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2013 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry Age
Inflation	3.0%
Salary increases	5.5% including inflation
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rates are projected to improve with 75% of scale AA.
Expected long-term rate of return	8.0%, applied to all periods

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best- estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real ROR
Cash & equivalents	0.0%
Fixed income securities	2.0%
Domestic equities	6.3%
International equities	6.3%

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

**Net Pension Liability (NPL)** (continued)

Discount rate                      The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate                      The following shows effect of a 1% change in the discount rate of the net pension liability:

	1% Decrease (7.0 %)	Current Rate (8.0 %)	1% Increase (9.0 %)
Net pension liability	\$ 4,402,885	\$ 2,253,036	\$ 430,691

**Non-Uniformed Plan Description**

Established May 1, 1968, the Non-Uniformed Plan is an agent multi-employer plan held by the PMRS for employees other than police. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205.

At January 1, 2013, the date of the most recent valuation, participants in the plans were as follows:

	<u>Non-Uniformed Employees</u>
Participants:	
Active	49
In payment status:	
Retirement benefits	23
Disability benefits	2
Survivor benefits	<u>5</u>
Total	79

**Non-Uniformed Plan Financial Information**

PMRS is separately audited and a separate audit report for PMRS is available through the City administrative offices.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

Non-Uniformed Plan Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the MMO. The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining and City policies. The Commonwealth allocates certain funds to assist in pension funding. Any financial requirement established by the MMO, which exceeds the Commonwealth allocation must be funded by the City (and could include employee contributions). In 2014, the MMO for the Non-Uniformed Plan was \$122,184, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2014 were \$78,848, which represents 3.5% of covered payroll.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

The City's annual pension cost and related information for the Non-Uniformed Plan is as follows:

	<u>Non-Uniformed Employees</u>
Actuarial valuation date	1/1/2013
Amortization method	Level Dollar
Actuarial cost method	Entry Age Normal
Asset valuation method	Asset Smoothing
Actuarial assumptions:	
Investment rate of return	5.50%
Projected salary increases	4.10%
Underlying inflation rate	3.00%

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – PENSION PLANS** (continued)

**Non-Uniformed Plan Contributions and Funding Policy** (continued)

The City does not have a net pension asset or obligation for the Non-Uniformed Plan as of December 31, 2014, calculated as follows:

Annual required contribution	\$	122,184
Interest on NPO		-
Adjustment to the ARC		-
		<hr/>
Annual pension cost		122,184
Contribution made		122,184
Change in NPO		-
		<hr/>
NPO, December 31, 2013		-
NPO, December 31, 2014	\$	<hr/> <hr/>

**Non-Uniformed Plan Three-Year Trend Information**

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (asset)</u>
12/31/2012	\$ 108,848	100%	\$ -
12/31/2013	114,943	100%	-
12/31/2014	122,184	100%	-

**Non-Uniformed Plan Funded Status**

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2013, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$ 10,618,788	\$ 10,801,816	\$ (183,028)	98.3%	\$ 2,290,095	-8.0%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress also lists key changes in assumptions that occurred for the January 1, 2013 actuarial valuation.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits disclosed in Note 9, the City has provided for certain postemployment benefits, other than pension benefits, to be provided to retirees or their beneficiaries. Postemployment benefits consist of healthcare, dental, vision, and life insurance coverage for eligible employees and their spouses. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts.

The City does not have a formal plan document for the Other Postemployment Benefit Plan (OPEB Plan), but it operates as a single-employer defined benefit plan. Actuarial data for the OPEB Plan is split into two categories of employees corresponding to the City's pension plans: police and non-uniformed (union and non-union). Stand-alone financial statements are not issued for the plan.

Description

The provisions for the Police Department cover healthcare, dental, and vision expenses for the retiree and the retiree's spouse up to a certain dollar amount linked to the annual cost of husband/wife coverage until each individual reaches Medicare eligibility (normally, age 65). Retirees are also provided an \$8,000 life insurance policy, with the option to purchase additional benefits at the employees sole cost.

The provisions for the Non-Uniformed Employees (Union and Non-Union members) cover healthcare expenses up to a specified dollar amount for the retiree and the retiree's spouse if the participant retired after age 55 with 20 years of service or after age 62 regardless of service until the retiree reaches Medicare eligibility (normally, age 65). Retirees are also provided a \$2,000 life insurance policy.

Funding Policy

The contribution requirements of OPEB Plan members and the City are established and may be amended by the City. The OPEB Plan is not funded. The City's contribution is based on projected pay-as-you-go financing requirements. In 2014, the City contributed \$97,921 to the OPEB Plan, all of which was for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the City's net OPEB obligation:

	Police	Non-Uniformed, Non-Union	Non-Uniformed, Union	Total
Annual required contribution	\$ 337,834	\$ 30,709	\$ 42,512	\$ 411,055
Interest on net OPEB obligation	59,969	5,451	7,546	72,966
Adjustment to annual required contribution	(86,624)	(7,874)	(10,900)	(105,398)
Annual OPEB cost	311,179	28,286	39,158	378,623
Contributions made	80,478	7,316	10,127	97,921
Increase in net OPEB obligation	230,701	20,970	29,031	280,702
Net OPEB obligation beginning of year	1,454,595	167,764	94,479	1,716,838
Net OPEB obligation end of year	<u>\$ 1,685,296</u>	<u>\$ 188,734</u>	<u>\$ 123,510</u>	<u>\$ 1,997,540</u>

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Police:			
December 31, 2014	\$ 311,179	25.9%	\$ 1,685,296
December 31, 2013	165,513	25.6%	1,454,595
December 31, 2012	274,073	27.5%	1,324,305
Non-Uniformed, Non-Union:			
December 31, 2014	\$ 28,286	25.9%	\$ 188,734
December 31, 2013	134,073	25.6%	167,764
December 31, 2012	19,121	27.5%	67,970
Non-Uniformed, Union:			
December 31, 2014	\$ 39,158	25.9%	\$ 123,510
December 31, 2013	18,401	25.6%	94,479
December 31, 2012	25,496	27.5%	80,782



**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS** (continued)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the OPEB Plan is unfunded. The actuarial accrued liability for benefits was \$4,181,826, and the OPEB Plan had no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,181,826. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$4,792,948, and the ratio of the UAAL to the covered payroll was 87 percent during the period covered by the actuarial report.

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress - other postemployment benefits, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the OPEB Plan as understood by the employer and the OPEB Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and OPEB Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

	<u>Police and Non-Uniformed</u>
Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Asset valuation method	N/A - the OPEB Plan is unfunded
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5% per year (unfunded OPEB Plan)

**CITY OF GREENSBURG**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS** (continued)

Actuarial Methods and Assumptions (continued)

Health care inflation rate:

Medical/Rx: 5.0% per year

Dental and Vision: 4.0% per year

**NOTE 11 – DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The City does not contribute to the plan or match employees' contributions. Participation in the plan is optional. The funds are not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2014, all amounts of compensation deferred under the plan were held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. Deferred compensation assets at December 31, 2014 totaled \$3,209,381. Under the provisions of GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the plan is not required to be included in the City's financial statements.

**NOTE 12 – CONTINGENCIES**

The City is involved in a number of other matters arising in the ordinary course of its operations. At present, management believes the ultimate outcome of these matters, after consideration of any applicable insurance coverage, will not be material to the financial statements taken as a whole.

The City maintains insurance through independent carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the City against potential losses.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GREENSBURG**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**POLICE PENSION PLAN**  
**DECEMBER 31, 2014**

**Total pension liability**

Service cost	\$ 381,942
Interest	1,563,561
Benefit payments, including refunds of member contributions	<u>(976,940)</u>
<b>Net change in total pension liability</b>	<b>968,563</b>
<b>Total pension liability—beginning</b>	<b><u>19,641,636</u></b>
<b>Total pension liability—ending (a)</b>	<b><u><u>\$ 20,610,199</u></u></b>

**Plan fiduciary net position**

Contributions - Commonwealth	\$ 383,395
Contributions - employer	650,351
Contributions - member	107,749
Net investment income	392,848
Benefit payments, including refunds of member contributions	(976,940)
Administrative expense	(79,073)
Unrealized gain on investments	<u>739,894</u>
<b>Net change in plan fiduciary net position</b>	<b>1,218,224</b>
<b>Plan fiduciary net position—beginning</b>	<b><u>17,148,921</u></b>
<b>Plan fiduciary net position—ending (b)</b>	<b><u><u>\$ 18,367,145</u></u></b>
<b>Net pension liability—ending (a) – (b)</b>	<b><u><u>\$ 2,243,054</u></u></b>

**Plan fiduciary net position as a percentage of the total pension liability**

89.12%

**Covered-employee payroll**

\$ 2,536,533

**Net pension liability as a percentage of covered-employee payroll**

88.43%

See accompanying note to require supplementary information.

**CITY OF GREENSBURG**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**AND INVESTMENT RETURNS**  
**POLICE PENSION PLAN**  
**DECEMBER 31, 2014**

**Schedule of the City's Contributions**

Actuarially determined contribution	\$ 1,033,596
Contributions in relation to the actuarially determined contribution	\$ <u>1,033,746</u>
Contribution deficiency (excess)	\$ <u>(150)</u>
Covered-employee payroll	\$ <u>2,536,533</u>
Contributions as a percentage of covered-employee payroll	40.75%

**Investment Returns**

Annual money-weighted rate of return, net of investment expense	6.80%
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See accompanying note to require supplementary information.

**CITY OF GREENSBURG**  
**SCHEDULES OF FUNDING PROGRESS**  
**POLICE AND NON-UNIFORMED PENSION PLANS**  
**DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b/c)
<b><u>Police:</u></b>						
1/1/2007	\$ 12,382,229	\$ 14,245,985	\$ (1,863,756)	86.92%	\$ 1,894,442	-98.38%
1/1/2009	12,478,147	15,600,858	(3,122,711)	79.98%	2,101,055	-148.63%
1/1/2011	13,182,329	17,245,026	(4,062,697)	76.44%	2,315,469	-175.46%
1/1/2013	14,314,802	18,630,848	(4,316,046)	76.83%	2,421,432	-178.24%
<b><u>Non-Uniformed Employees:</u></b>						
1/1/2007	\$ 8,461,345	\$ 7,740,665	\$ 720,680	109.31%	\$ 2,108,666	34.18%
1/1/2009	9,416,176	9,097,539	318,637	103.50%	2,322,047	13.72%
1/1/2011	9,730,405	9,682,443	47,962	100.50%	2,290,250	2.09%
1/1/2013	10,618,788	10,801,816	(183,028)	98.31%	2,290,095	-7.99%

See accompanying note to require supplementary information.

**CITY OF GREENSBURG**  
**SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS**  
**AND OTHER CONTRIBUTING ENTITIES**  
**POLICE AND NON-UNIFORMED PENSION PLANS**  
**DECEMBER 31, 2014**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<b><u>Police:</u></b>		
12/31/2007	\$ 689,973	101%
12/31/2008	711,005	101%
12/31/2009	681,757	101%
12/31/2010	598,799	101%
12/31/2011	771,535	87%
12/31/2012	784,609	85%
12/31/2013	947,036	101%
12/31/2014	1,033,596	100%
<b><u>Non-Uniformed Employees</u></b>		
12/31/2007	\$ 11,594	100%
12/31/2008	17,991	100%
12/31/2009	25,450	100%
12/31/2010	29,030	100%
12/31/2011	115,993	100%
12/31/2012	108,848	100%
12/31/2013	114,943	100%
12/31/2014	122,184	100%

See accompanying note to require supplementary information.

**CITY OF GREENSBURG**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2014**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Police</u>	<u>Non-Uniformed Employees</u>
Actuarial valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Level Dollar	Level Dollar
Amortization period	8 years	N/S
Asset valuation method	4-year smoothing	Asset smoothing
Actuarial assumptions:		
Investment rate of return	8.00%	5.50%
Projected salary increases	5.50%	4.10%
Underlying inflation rate	3.00%	3.00%

There were no changes in actuarial assumptions made in connection with the roll forward of the 1/1/2013 actuarial valuation.

See independent accountants' report.



**CITY OF GREENSBURG**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POSTEMPLOYMENT BENEFIT PLANS**  
**DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)
1/1/2014	\$ -	\$ 4,181,826	\$ 4,181,826	0.0%
1/1/2011	-	3,361,947	3,361,947	0.0%
1/1/2008	-	3,358,497	3,358,497	0.0%

Since the last valuation, the maximum annual City payment toward premiums for non-uniformed employees retiring after January 1, 2012 was increased from \$3,300 to \$4,000.

See independent accountants' report.

**CITY OF GREENSBURG**  
**POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**  
**(OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION**  
**DECEMBER 31, 2014**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Police and Non-Uniformed</u>
Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Asset valuation method	N/A - the OPEB Plan is unfunded
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5% per year (unfunded OPEB Plan)
Health care inflation rate	Medical/Rx: 5.0% per year Dental and Vision: 4.0% per year

See independent accountants' report.

## **SUPPLEMENTARY INFORMATION**

**CITY OF GREENSBURG**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**AS OF DECEMBER 31, 2014**

	Special Revenues Funds				Capital Projects Funds					Total Other Governmental Funds
	Armstrong Fund	Motor Tax Fund	Greensburg Community Days Fund	St. Clair Park Concert Series Fund	2003 General Obligation Bonds Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	2005 General Obligation Note Fund	
Assets										
Cash and cash equivalents	\$ 1,921	\$ 277,964	\$ 52,302	\$ 99,563	\$ -	\$ 52,959	\$ 209,375	\$ 279,789	\$ 700,484	\$ 1,674,357
Intergovernmental receivables	-	1,122	-	-	-	-	-	-	10,841	11,963
Other receivables	-	-	-	250	-	-	-	-	-	250
Total Assets	<u>\$ 1,921</u>	<u>\$ 279,086</u>	<u>\$ 52,302</u>	<u>\$ 99,813</u>	<u>\$ -</u>	<u>\$ 52,959</u>	<u>\$ 209,375</u>	<u>\$ 279,789</u>	<u>\$ 711,325</u>	<u>\$ 1,686,570</u>
Liabilities										
Accounts payable	\$ -	\$ 10,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,412	\$ 21,549
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>10,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,412</u>	<u>21,549</u>
Fund Balance										
Restricted	1,921	268,949	-	-	-	-	-	-	699,913	970,783
Committed	-	-	52,302	99,813	-	52,959	209,375	279,789	-	694,238
Total Fund Balance	<u>1,921</u>	<u>268,949</u>	<u>52,302</u>	<u>99,813</u>	<u>-</u>	<u>52,959</u>	<u>209,375</u>	<u>279,789</u>	<u>699,913</u>	<u>1,665,021</u>
Total Liabilities and Fund Balance	<u>\$ 1,921</u>	<u>\$ 279,086</u>	<u>\$ 52,302</u>	<u>\$ 99,813</u>	<u>\$ -</u>	<u>\$ 52,959</u>	<u>\$ 209,375</u>	<u>\$ 279,789</u>	<u>\$ 711,325</u>	<u>\$ 1,686,570</u>

See independent accountants' report.

**CITY OF GREENSBURG**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Revenues Funds				Capital Projects Funds					Total
	Armstrong	Motor Tax	Greensburg	St. Clair	2003 General	Police	Fire Department	Hutchinson	2005 General	Total
	Fund	Fund	Community	Park Concert	Obligation	Equipment	Capital	Garage	Obligation	Other
	Fund	Fund	Days Fund	Series Fund	Bonds Fund	Fund	Equipment Fund	Reserve Fund	Note Fund	Governmental
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	16,560	-	-	-	16,560
Charges for service	-	-	70,602	2,500	-	775	-	-	-	73,877
Intergovernmental revenue	-	317,499	-	-	-	606	-	-	35,456	353,561
Interest, rents, and royalties	-	70	102	-	-	-	-	47	169	388
Miscellaneous	500	11,482	17,500	90,527	90	-	1,000	-	-	121,099
Total Revenues	500	329,051	88,204	93,027	90	17,941	1,000	47	35,625	565,485
Expenditures										
Department of Public Affairs and Safety	200	-	-	-	-	-	16,416	-	-	16,616
Department of Public Works	-	184,718	-	-	-	-	-	-	-	184,718
Department of Parks and Recreation	-	-	124,284	87,369	-	-	-	-	-	211,653
Capital outlay	-	180,360	-	-	20,657	63,075	5,110	-	175,092	444,294
Total Expenditures	200	365,078	124,284	87,369	20,657	63,075	21,526	-	175,092	857,281
Excess (Deficiency) of Revenues										
Over Expenditures	300	(36,027)	(36,080)	5,658	(20,567)	(45,134)	(20,526)	47	(139,467)	(291,796)
Other Financing Sources (Uses)										
Transfers in	-	-	26,172	5,000	-	39,259	196,296	44,740	-	311,467
Proceeds from sale of fixed assets	-	-	-	-	-	5,000	-	-	-	5,000
Total Other Financing Sources (Uses)	-	-	26,172	5,000	-	44,259	196,296	44,740	-	316,467
Net Change in Fund Balance	300	(36,027)	(9,908)	10,658	(20,567)	(875)	175,770	44,787	(139,467)	24,671
Beginning Fund Balance	1,621	304,976	62,210	89,155	20,567	53,834	33,605	235,002	839,380	1,640,350
Ending Fund Balance	\$ 1,921	\$ 268,949	\$ 52,302	\$ 99,813	\$ -	\$ 52,959	\$ 209,375	\$ 279,789	\$ 699,913	\$ 1,665,021

See independent accountants' report.

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS – BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Armstrong Fund			Motor Tax Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 282,522	\$ 317,499	\$ 34,977
Interest, rents, and royalties	-	-	-	75	70	(5)
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>10,634</u>	<u>11,482</u>	<u>848</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>-</u>	<u>293,231</u>	<u>329,051</u>	<u>35,820</u>
Expenditures						
Department of Public Affairs and Safety	500	200	300	-	-	-
Department of Public Works	-	-	-	276,292	184,718	91,574
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>180,360</u>	<u>(5,360)</u>
Total Expenditures	<u>500</u>	<u>200</u>	<u>300</u>	<u>451,292</u>	<u>365,078</u>	<u>86,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>300</u>	<u>300</u>	<u>(158,061)</u>	<u>(36,027)</u>	<u>122,034</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>300</u>	\$ <u>300</u>	\$ <u>(158,061)</u>	\$ <u>(36,027)</u>	\$ <u>122,034</u>

See independent accountants' report.

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS – BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Greensburg Community Days Fund			St. Clair Park Concert Series Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues						
Charges for service	\$ 57,300	\$ 70,602	\$ 13,302	\$ 1,000	\$ 2,500	\$ 1,500
Interest, rents, and royalties	100	102	2	-	-	-
Miscellaneous	<u>43,000</u>	<u>17,500</u>	<u>(25,500)</u>	<u>59,500</u>	<u>90,527</u>	<u>31,027</u>
Total Revenues	<u>100,400</u>	<u>88,204</u>	<u>(12,196)</u>	<u>60,500</u>	<u>93,027</u>	<u>32,527</u>
Expenditures						
Department of Parks and Recreation	<u>119,550</u>	<u>124,284</u>	<u>(4,734)</u>	<u>113,000</u>	<u>87,369</u>	<u>25,631</u>
Total Expenditures	<u>119,550</u>	<u>124,284</u>	<u>(4,734)</u>	<u>113,000</u>	<u>87,369</u>	<u>25,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,150)</u>	<u>(36,080)</u>	<u>(16,930)</u>	<u>(52,500)</u>	<u>5,658</u>	<u>58,158</u>
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>26,172</u>	<u>(26,172)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>26,172</u>	<u>(26,172)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (19,150)</u>	<u>\$ (9,908)</u>	<u>\$ 9,242</u>	<u>\$ (47,500)</u>	<u>\$ 10,658</u>	<u>\$ 58,158</u>

See independent accountants' report.

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUNDS – BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2003 General Obligation Bonds Fund			Police Equipment Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues						
License and permits	\$ -	\$ -	\$ -	\$ 14,300	\$ 16,560	\$ 2,260
Charges for service	-	-	-	300	775	475
Intergovernmental	-	-	-	500	606	106
Miscellaneous	-	90	90	-	-	-
	<u>-</u>	<u>90</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>90</u>	<u>90</u>	<u>15,100</u>	<u>17,941</u>	<u>2,841</u>
Expenditures						
Department of Public Affairs and Safety	-	-	-	500	-	500
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	-	-	-	-	-	-
Capital outlay	20,567	20,657	(90)	64,000	63,075	925
Total Expenditures	<u>20,567</u>	<u>20,657</u>	<u>(90)</u>	<u>64,500</u>	<u>63,075</u>	<u>1,425</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(20,567)</u>	<u>(20,567)</u>	<u>-</u>	<u>(49,400)</u>	<u>(45,134)</u>	<u>4,266</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	39,049	39,259	(210)
Proceeds from sale of assets	-	-	-	6,000	5,000	1,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,049</u>	<u>44,259</u>	<u>790</u>
Net Change in Fund Balance	<u><u>\$ (20,567)</u></u>	<u><u>\$ (20,567)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,351)</u></u>	<u><u>\$ (875)</u></u>	<u><u>\$ 3,476</u></u>

See independent accountants' report.



**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUNDS – BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fire Department Capital Equipment Fund			Hutchinson Garage Reserve Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Interest, rents, and royalties	\$ -	\$ -	\$ -	\$ 50	\$ 47	\$ (3)
Miscellaneous	-	1,000	1,000	-	-	-
Total Revenues	-	1,000	1,000	50	47	(3)
Expenditures						
Department of Public Affairs and Safety	20,000	16,416	3,584	-	-	-
Capital outlay	40,110	5,110	35,000	-	-	-
Total Expenditures	60,110	21,526	38,584	-	-	-
Excess (Deficiency) of Revenues						
Over Expenditures	(60,110)	(20,526)	39,584	50	47	(3)
Other Financing Sources (Uses)						
Transfers in	195,244	196,296	(1,052)	44,500	44,740	(240)
Total Other Financing Sources (Uses)	195,244	196,296	(1,052)	44,500	44,740	(240)
Net Change in Fund Balance	\$ 135,134	\$ 175,770	\$ 40,636	\$ 44,550	\$ 44,787	\$ 237

See independent accountants' report.

**CITY OF GREENSBURG**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUNDS – BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2005 General Obligation Note Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues			
Intergovernmental	\$ 752,781	\$ 35,456	\$ (717,325)
Interest, rents, and royalties	<u>120</u>	<u>169</u>	<u>49</u>
Total Revenues	<u>752,901</u>	<u>35,625</u>	<u>(717,276)</u>
Expenditures			
Capital outlay	<u>1,367,444</u>	<u>175,092</u>	<u>1,192,352</u>
Total Expenditures	<u>1,367,444</u>	<u>175,092</u>	<u>1,192,352</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(614,543)</u>	<u>(139,467)</u>	<u>475,076</u>
Net Change in Fund Balance	\$ <u><u>(614,543)</u></u>	\$ <u><u>(139,467)</u></u>	\$ <u><u>475,076</u></u>

See independent accountants' report.



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards**

**Independent Auditors' Report**

The Governing Body  
City of Greensburg

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary funds of the City of Greensburg (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Greensburg's basic financial statements, and have issued our report thereon dated August 11, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Greensburg's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Greensburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Greensburg's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*(Continued)*

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements in Accordance with Government  
Auditing Standards**

**Independent Auditors' Report**

*(Continued)*

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Greensburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Deluzio Company LLP*

Greensburg, PA  
August 11, 2015