

**CITY OF GREENSBURG**

**General Purpose**  
**Financial Statements**

**December 31, 2015**

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

# CITY OF GREENSBURG

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**Independent Auditor's 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, 2015, 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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, 2015, and the respective changes in financial position, the respective budgetary comparisons for the General, 2005 General Obligation Bonds Fund 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.

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Notes 2, 8 and 12 to the financial statements, the City implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in the current year, which represents a change in accounting principle. The City's beginning Net Position has been restated to reflect the adoption of GASB Statement No. 68. A summary of the restatement is presented in Note 12. Our opinion was not modified with respect to this matter.

***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 57-62, 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.

(continued)

Independent Auditor's Report

(continued)

*Other Matters (Continued)*

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. The combining balance sheet, statement of revenues, expenditures and changes in fund balance – other governmental funds, and individual budgetary comparisons of other governmental funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 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  
September 30, 2016

**CITY OF GREENSBURG**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2015**

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, 2015. 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, 2015.

**FINANCIAL HIGHLIGHTS**

- The City's net position, as presented, was \$23,023,034 at December 31, 2015, an increase of \$514,838 from 2014.
- At the end of the current year, the City had total bonds and notes outstanding of \$4,590,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$12,025,696. Expenditures amounted to \$13,759,234.
- Operating revenues of the City's business-type activities were \$1,884,944 for 2015 and operating expenses amounted to \$979,385.
- The real estate tax millage rate remained at 25.05 mills for 2015.

**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**  
**Year Ended December 31, 2015**

**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 12 governmental funds during 2015. 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, 2005 General Obligation Bonds 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, Grant Fund, Police Equipment Fund, Fire Department Capital Equipment Fund, Hutchinson Garage Reserve Fund, and the 2013 General Obligation Note 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 Enterprise Funds 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 20 through 22 of this report.



**CITY OF GREENSBURG**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2015**

**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 23 and 24 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 25 through 56 of this report.

*Required Supplementary Information* - This section of the report contains certain pension and OPEB information required by accounting principles generally accepted in the United States of America. This information can be found on pages 57 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**  
**Year Ended December 31, 2015**

**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 \$23,023,034 at the close of the year.

A condensed summary of the City's net position at December 31, 2015 and 2014 is as follows.

	2015	Restated 2014	Variance
<b>Assets</b>			
Current assets	\$ 5,815,077	\$ 9,732,966	\$ (3,917,889)
Other non-current assets	25,400	95,800	(70,400)
Capital assets, net	27,206,109	27,663,181	(457,072)
Total Assets	<u>33,046,586</u>	<u>37,491,947</u>	<u>(4,445,361)</u>
Deferred Outflows of Resources	2,000,694	201,092	1,799,602
<b>Liabilities</b>			
Current liabilities	1,533,335	5,500,940	(3,967,605)
Non-current liabilities	9,956,661	9,683,903	272,758
Total Liabilities	<u>11,489,996</u>	<u>15,184,843</u>	<u>(3,694,847)</u>
Deferred Inflows of Resources	<u>534,250</u>	<u>-</u>	<u>534,250</u>
<b>Net Position</b>			
Net investment in capital assets	22,301,870	21,426,706	875,164
Restricted	1,006,528	1,048,286	(41,758)
Unrestricted	(285,364)	33,204	(318,568)
Total Net Position	<u>\$ 23,023,034</u>	<u>\$ 22,508,196</u>	<u>\$ 514,838</u>

The majority of the decrease 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 prior year end. Therefore, an intergovernmental receivable and accounts payable balance was recognized accordingly.

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**  
**Year Ended December 31, 2015**

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

A condensed summary of the City's change in net position for the years ended December 31, 2015 and 2014 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2015	Restated 2014	2015	2014	2015	Restated 2014
Program revenues						
Charges for services	\$ 1,462,417	\$ 1,507,831	\$ 1,884,824	\$ 1,837,427	\$ 3,347,241	\$ 3,345,258
Operating grant contributions	1,616,563	4,687,620	-	-	1,616,563	4,687,620
Capital grants and contributions	771,553	64,646	-	-	771,553	64,646
General revenues						
Property taxes	3,107,029	3,086,689	-	-	3,107,029	3,086,689
Earned income tax	3,155,240	3,184,556	-	-	3,155,240	3,184,556
Business privilege tax	454,710	444,185	-	-	454,710	444,185
Local service tax	572,232	553,543	-	-	572,232	553,543
Other taxes	318,390	304,958	-	-	318,390	304,958
Interest, rents, and royalties	8,640	6,939	120	128	8,760	7,067
Franchise fees	285,883	278,650	-	-	285,883	278,650
Gain (loss) on disposal of fixed assets	9,033	(20,339)	-	-	9,033	(20,339)
Miscellaneous income	226,261	204,811	120	1,519	226,381	206,330
Internal transfers	1,317,955	1,063,980	(1,317,955)	(1,063,980)	-	-
Total Revenues	13,305,906	15,368,069	567,109	775,094	13,873,015	16,143,163
Program expenses						
Public affairs and safety	6,019,127	9,218,276	-	-	6,019,127	9,218,276
Accounts and finance	1,677,449	1,757,671	-	-	1,677,449	1,757,671
Administrative development	1,370,205	1,232,371	-	-	1,370,205	1,232,371
Public works	1,603,429	1,526,700	-	-	1,603,429	1,526,700
Parks and recreation	1,561,680	1,611,511	-	-	1,561,680	1,611,511
Interest	141,482	177,738	-	-	141,482	177,738
Parking activities	-	-	984,805	996,329	984,805	996,329
Total Expenses	12,373,372	15,524,267	984,805	996,329	13,358,177	16,520,596
Change in Net Position	932,534	(156,198)	(417,696)	(221,235)	514,838	(377,433)
Net Position - Beginning of Year	14,053,933	14,210,131	8,454,263	8,675,498	22,508,196	22,885,629
Net Position - End of Year	\$ 14,986,467	\$ 14,053,933	\$ 8,036,567	\$ 8,454,263	\$ 23,023,034	\$ 22,508,196

**CITY OF GREENSBURG**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2015**

**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 2015, the City's governmental funds reported combined ending fund balances of \$4,322,810. Of this amount, \$2,353,498 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 \$2,353,498 and the *non-spendable fund balance* of the General Fund was \$84,652.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, actual General Fund revenues increased 0.5% over budgetary estimates, or by \$43,395; expenditures were less than budgetary estimates by \$400,883 or 3.7%. The City budgeted for the use of \$999,999 of fund balance accumulated in prior years and actually utilized \$548,688 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 \$4,390,000 (not inclusive of capital leases and the mortgage payable). The total outstanding bonds decreased \$1,210,000 during the current year.

A summary of the City's debt (including capital leases and mortgages payable) activity in 2015 follows:

Beginning balance, January 1, 2015	\$ 6,236,474
Additions	55,680
Repayments and amortization of premiums and discounts	<u>(1,387,915)</u>
Ending balance, December 31, 2015	\$ <u><u>4,904,239</u></u>

More detailed information about the City's debt activity can be found in Note 6 to the financial statements.

**CAPITAL ASSETS**

At December 31, 2015, the City's Governmental Activities had \$19,513,212 invested in capital assets. The Proprietary Activities had \$7,692,897 invested in capital assets. During 2015, the City purchased total capital assets of \$1,148,804.

More detailed information regarding the City's capital assets is included in the Note 4 to the financial statements.

**CITY OF GREENSBURG**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2015**

**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 35% 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 have been completed.

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.

A large portion of debt retired at the end of 2015. During 2016, the City borrowed a \$3,000,000 General Obligation Note to fund capital projects throughout the City. Projects include rehabilitation to the Robert A. Bell Parking Garage, repaving the parking lots at Lynch Field, and capital repairs to various City buildings. The payment on this new debt will take the place of payments made on the retired portion of debt from 2015.

Additionally, the City has been working towards securing Community Development Block Grant (CDBG) monies. These funds will be used in areas that are designated as Low to Moderate Income through the U.S. Census. CDBG Projects will include repaving streets, rehabilitating curbs and sidewalks, and demolishing blighted properties.

**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**  
**December 31, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 3,768,770	\$ 535,092	\$ 4,303,862
Receivables, net			
Taxes	1,164,615	-	1,164,615
Intergovernmental	55,744	-	55,744
Other	121,044	85,160	206,204
Prepaid expenses	84,652	-	84,652
Total Current Assets	5,194,825	620,252	5,815,077
Noncurrent Assets			
Restricted escrow assets	25,400	-	25,400
Long-term receivables	-	-	-
Capital assets, not being depreciated	1,979,168	946,225	2,925,393
Capital assets, net of accumulated depreciation	17,534,044	6,746,672	24,280,716
Total Noncurrent Assets	19,538,612	7,692,897	27,231,509
Total Assets	24,733,437	8,313,149	33,046,586
Deferred Outflows of Resources	2,000,694	-	2,000,694
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	150,544	121,915	272,459
Accrued interest	17,872	-	17,872
Other accrued liabilities	211,263	9,533	220,796
Unearned revenue	12,965	15,555	28,520
Liabilities payable from restricted assets	25,400	-	25,400
Due within one year	918,141	50,147	968,288
Total Current Liabilities	1,336,185	197,150	1,533,335
Noncurrent Liabilities			
Other postemployment benefits liability	2,148,679	79,432	2,228,111
Due in more than one year	4,035,960	-	4,035,960
Net pension liability	3,692,590	-	3,692,590
Total Noncurrent Liabilities	9,877,229	79,432	9,956,661
Total Liabilities	11,213,414	276,582	11,489,996
Deferred Inflows of Resources	534,250	-	534,250
<b>Net Position</b>			
Net investment in capital assets	14,659,120	7,642,750	22,301,870
Restricted for			
Liquid fuels	204,543	-	204,543
Emergency assistance	2,246	-	2,246
Capital projects	668,970	-	668,970
Debt service	130,769	-	130,769
Unrestricted	(679,181)	393,817	(285,364)
Total Net Position	\$ 14,986,467	\$ 8,036,567	\$ 23,023,034

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

**CITY OF GREENSBURG**  
**Statement of Activities**  
**Year Ended December 31, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating	Capital	Governmental	Business-Type	Total Primary
		Services	Grants and Contributions	Grants and Contributions			
Governmental Activities							
Department of Public Affairs and Safety	\$ 6,019,127	\$ 434,532	\$ 959,816	\$ 18,087	\$ (4,606,692)	\$ -	\$ (4,606,692)
Department of Accounts and Finance	1,677,449	29,572	47,305	-	(1,600,572)	-	(1,600,572)
Department of Administrative Development	1,370,205	73,983	-	-	(1,296,222)	-	(1,296,222)
Department of Public Works	1,603,429	53,880	458,472	753,466	(337,611)	-	(337,611)
Department of Parks and Recreation	1,561,680	870,450	150,970	-	(540,260)	-	(540,260)
Interest	141,482	-	-	-	(141,482)	-	(141,482)
Total Governmental Activities	12,373,372	1,462,417	1,616,563	771,553	(8,522,839)	-	(8,522,839)
Business-Type Activities							
Parking revenue fund	681,196	1,386,139	-	-	-	704,943	704,943
Hutchinson Garage fund	303,609	498,685	-	-	-	195,076	195,076
Total Business-Type Activities	984,805	1,884,824	-	-	-	900,019	900,019
Total Primary Government	\$ 13,358,177	\$ 3,347,241	\$ 1,616,563	\$ 771,553	(8,522,839)	900,019	(7,622,820)
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,107,029	-	3,107,029
Earned income tax					3,155,240	-	3,155,240
Business privilege tax					454,710	-	454,710
Local service tax					572,232	-	572,232
Other taxes levied for general purposes					318,390	-	318,390
Interest, rents, and royalties					8,640	120	8,760
Franchise fees					285,883	-	285,883
Gain (loss) on disposal of capital assets					9,033	-	9,033
Miscellaneous income					226,261	120	226,381
Internal transfers					1,317,955	(1,317,955)	-
Total General Revenues, Special Items and Transfers					9,455,373	(1,317,715)	8,137,658
Change in Net Position					932,534	(417,696)	514,838
Beginning Net Position					16,496,667	8,454,263	24,950,930
Prior Period Adjustment					(2,442,734)	-	(2,442,734)
Ending Net Position					\$ 14,986,467	\$ 8,036,567	\$ 23,023,034

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

**CITY OF GREENSBURG**  
**Balance Sheet – Governmental Funds**  
**December 31, 2015**

	General Fund	2005 General Obligation Bonds Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,909,732	\$ 662,692	\$ 113,395	\$ 1,108,349	\$ 3,794,168
Receivables					
Taxes (net)	1,123,250	-	41,365	-	1,164,615
Intergovernmental	-	55,744	-	-	55,744
Other receivables	116,139	-	-	4,904	121,043
Prepaid expenses	84,652	-	-	-	84,652
<b>Total Assets</b>	<b>\$ 3,233,773</b>	<b>\$ 718,436</b>	<b>\$ 154,760</b>	<b>\$ 1,113,253</b>	<b>\$ 5,220,222</b>
<b>Liabilities</b>					
Accounts payable	\$ 72,745	\$ 57,075	\$ -	\$ 20,723	\$ 150,543
Other accrued liabilities	236,663	-	-	-	236,663
Deferred revenue	486,215	-	23,991	-	510,206
<b>Total Liabilities</b>	<b>795,623</b>	<b>57,075</b>	<b>23,991</b>	<b>20,723</b>	<b>897,412</b>
<b>Fund Balance</b>					
Non-spendable - prepaid expenses	84,652	-	-	-	84,652
Restricted					
Emergency assistance	-	-	-	2,246	2,246
Liquid fuels	-	-	-	204,543	204,543
Capital projects	-	661,361	-	7,609	668,970
Debt service	-	-	130,769	-	130,769
Committed					
Community event	-	-	-	135,060	135,060
Capital projects	-	-	-	743,072	743,072
Unassigned	2,353,498	-	-	-	2,353,498
<b>Total Fund Balance</b>	<b>2,438,150</b>	<b>661,361</b>	<b>130,769</b>	<b>1,092,530</b>	<b>4,322,810</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,233,773</b>	<b>\$ 718,436</b>	<b>\$ 154,760</b>	<b>\$ 1,113,253</b>	<b>\$ 5,220,222</b>

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**  
**December 31, 2015**

**Total Fund Balance - Governmental Funds** **\$ 4,322,810**

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 \$34,554,654 and the accumulated depreciation is \$15,041,442. 19,513,212

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. 497,241

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. (2,148,679)

The net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, it is not reported in the governmental funds. (2,226,144)

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	(4,590,000)	
Capital leases obligations	(252,847)	
Compensated absences	(100,009)	
Accrued interest	<u>(17,872)</u>	(4,960,728)

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. (11,245)

**Total Net Position - Governmental Activities** **\$ 14,986,467**

*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**  
**Year Ended December 31, 2015**

	<b>General Fund</b>	<b>2005 General Obligation Bonds Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>					
Taxes	\$ 6,457,275	\$ -	\$ 1,183,028	\$ -	\$ 7,640,303
Licenses and permits	518,780	-	-	14,210	532,990
Fines and forfeits	259,064	-	-	-	259,064
Charges for services	992,953	-	-	67,161	1,060,114
Intergovernmental revenue	561,959	753,465	-	863,921	2,179,345
Interest, rent, and earnings on investments	8,219	139	-	282	8,640
Miscellaneous	236,780	-	-	108,460	345,240
Total Revenues	<u>9,035,030</u>	<u>753,604</u>	<u>1,183,028</u>	<u>1,054,034</u>	<u>12,025,696</u>
<b>Expenditures</b>					
Department of Public Affairs and Safety	5,310,764	-	-	534,672	5,845,436
Department of Accounts and Finance	1,655,171	-	-	-	1,655,171
Department of Administrative Development	1,108,254	-	-	-	1,108,254
Department of Public Works	1,143,862	-	-	244,179	1,388,041
Department of Parks and Recreation	1,169,700	-	-	220,402	1,390,102
Capital outlay	-	792,156	-	226,041	1,018,197
Debt service					
Principal	-	-	1,210,000	-	1,210,000
Interest	-	-	144,033	-	144,033
Total Expenditures	<u>10,387,751</u>	<u>792,156</u>	<u>1,354,033</u>	<u>1,225,294</u>	<u>13,759,234</u>
Excess (deficiency) of Revenues over Expenditures before other Financing Activities	(1,352,721)	(38,552)	(171,005)	(171,260)	(1,733,538)
<b>Other Financing Sources (Uses)</b>					
Transfers in	800,000	-	231,880	291,075	1,322,955
Transfers out	(5,000)	-	-	-	(5,000)
Proceeds from sale of fixed assets	9,033	-	-	-	9,033
Total Other Financing Sources (Uses)	<u>804,033</u>	<u>-</u>	<u>231,880</u>	<u>291,075</u>	<u>1,326,988</u>
Net Change in Fund Balance	(548,688)	(38,552)	60,875	119,815	(406,550)
Fund Balance - Beginning of Year	<u>2,986,838</u>	<u>699,913</u>	<u>69,894</u>	<u>972,715</u>	<u>4,729,360</u>
Fund Balance - End of Year	<u>\$ 2,438,150</u>	<u>\$ 661,361</u>	<u>\$ 130,769</u>	<u>\$ 1,092,530</u>	<u>\$ 4,322,810</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**  
**Year Ended December 31, 2015**

**Net Change in Fund Balance - Governmental Funds** \$ (406,550)

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	1,096,809	
Less: depreciation expense, net of deletions	<u>1,073,515</u>	23,294

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. (46,599)

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	(55,680)	
Amortization of bond premium/discount	12,578	
Repayment of bond principal	1,210,000	
Repayment of capital lease principal	<u>117,829</u>	1,284,727

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. 67,553

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. 10,109

**Change in Net Position of Governmental Activities** **\$ 932,534**

*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)**  
**Year Ended December 31, 2015**

**GENERAL FUND**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Final vs. Actual</b>
<b>Revenues</b>				
Taxes	\$ 6,553,240	\$ 6,553,240	\$ 6,457,275	\$ (95,965)
Licenses and permits	445,645	445,645	518,780	73,135
Fines and forfeits	282,469	282,469	259,064	(23,405)
Charges for services	980,636	980,636	992,953	12,317
Intergovernmental revenue	555,180	555,180	561,959	6,779
Interest, rent, and earnings on investments	7,000	7,000	8,219	1,219
Miscellaneous	167,465	167,465	236,780	69,315
Total Revenues	<u>8,991,635</u>	<u>8,991,635</u>	<u>9,035,030</u>	<u>43,395</u>
<b>Expenditures</b>				
Department of Public Affairs and Safety	5,401,367	5,401,367	5,310,764	(90,603)
Department of Accounts and Finance	1,744,236	1,744,236	1,655,171	(89,065)
Department of Administrative Development	1,138,757	1,138,757	1,108,254	(30,503)
Department of Public Works	1,254,773	1,254,773	1,143,862	(110,911)
Department of Parks and Recreation	1,249,501	1,249,501	1,169,700	(79,801)
Total Expenditures	<u>10,788,634</u>	<u>10,788,634</u>	<u>10,387,751</u>	<u>(400,883)</u>
<b>Excess (Deficiency) of Revenues</b>				
Over Expenditures	(1,796,999)	(1,796,999)	(1,352,721)	444,278
<b>Other Financing Sources (Uses)</b>				
Transfers in	800,000	800,000	800,000	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Proceeds from the sale of fixed assets	2,000	2,000	9,033	7,033
Total Other Financing Sources (Uses)	<u>797,000</u>	<u>797,000</u>	<u>804,033</u>	<u>7,033</u>
<b>Net Change in Fund Balances</b>	<u>\$ (999,999)</u>	<u>\$ (999,999)</u>	<u>\$ (548,688)</u>	<u>\$ 451,311</u>

\* In 2015, the City budgeted for the use of \$999,999 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)**  
**Year Ended December 31, 2015**

**2005 GENERAL OBLIGATION BONDS 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	\$ 741,250	\$ 741,250	\$ 753,465	\$ 12,215
Interest, rents and royalties	-	-	139	139
Total Revenues	<u>741,250</u>	<u>741,250</u>	<u>753,604</u>	<u>12,354</u>
Expenditures				
Capital outlays	1,260,306	1,260,306	792,156	(468,150)
Total Expenditures	<u>1,260,306</u>	<u>1,260,306</u>	<u>792,156</u>	<u>(468,150)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(519,056)</u>	<u>(519,056)</u>	<u>(38,552)</u>	<u>480,504</u>
Net Change in Fund Balances	<u>\$ (519,056)</u>	<u>\$ (519,056)</u>	<u>\$ (38,552)</u>	<u>\$ 480,504</u>

*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)**  
**Year Ended December 31, 2015**

**DEBT SERVICE FUND**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Final vs. Actual</b>
Revenues				
Taxes	\$ 1,180,761	\$ 1,180,761	\$ 1,183,028	\$ 2,267
Total Revenues	1,180,761	1,180,761	1,183,028	2,267
Expenditures				
Debt service:				
Principal	1,210,000	1,210,000	1,210,000	-
Interest	144,032	144,032	144,033	1
Total Expenditures	1,354,032	1,354,032	1,354,033	1
Excess (Deficiency) of Revenues Over Expenditures	(173,271)	(173,271)	(171,005)	2,266
Other Financing Sources (Uses)				
Transfers in	231,880	231,880	231,880	-
Total Other Financing Sources (Uses)	231,880	231,880	231,880	-
Net Change in Fund Balances	\$ 58,609	\$ 58,609	\$ 60,875	\$ 2,266

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

**CITY OF GREENSBURG**  
**Statement of Net Position – Proprietary Funds**  
**December 31, 2015**

	<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	\$ 153,894	\$ 381,198	\$ 535,092
Receivables	9,969	4,791	14,760
Total Current Assets	<u>163,863</u>	<u>385,989</u>	<u>549,852</u>
Non-current assets			
Long-term receivable	70,400	-	70,400
Land	936,765	9,460	946,225
Buildings and other property and equipment	11,377,301	3,345,077	14,722,378
Less: accumulated depreciation	<u>(5,544,640)</u>	<u>(2,431,066)</u>	<u>(7,975,706)</u>
Total Noncurrent Assets, Net of Depreciation	<u>6,839,826</u>	<u>923,471</u>	<u>7,763,297</u>
Total Assets	7,003,689	1,309,460	8,313,149
<b>Liabilities</b>			
Current liabilities			
Accounts payable and other current liabilities	9,999	121,449	131,448
Current portion of capital lease payable	26,646	23,501	50,147
Deferred revenue	<u>13,755</u>	<u>1,800</u>	<u>15,555</u>
Total Current Liabilities	50,400	146,750	197,150
Long-term liabilities			
Other postemployment benefits liability	<u>39,716</u>	<u>39,716</u>	<u>79,432</u>
Total Liabilities	<u>90,116</u>	<u>186,466</u>	<u>276,582</u>
<b>Net Position</b>			
Net investment in capital assets	6,742,780	899,970	7,642,750
Unrestricted	<u>170,793</u>	<u>223,024</u>	<u>393,817</u>
Total Net Position	<u>\$ 6,913,573</u>	<u>\$ 1,122,994</u>	<u>\$ 8,036,567</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**  
**Year Ended December 31, 2015**

	<b>Parking Revenue Fund</b>	<b>Hutchinson Garage Fund</b>	<b>Total Proprietary Fund Types</b>
Operating Revenues			
Charges for services	\$ 1,386,139	\$ 498,685	\$ 1,884,824
Other operating revenue	120	-	120
Total Operating Revenues	<u>1,386,259</u>	<u>498,685</u>	<u>1,884,944</u>
Operating Expenses			
Department of Public Works	246,078	200,946	447,024
Depreciation	432,238	100,123	532,361
Total Operating Expenses	<u>678,316</u>	<u>301,069</u>	<u>979,385</u>
Operating Income	707,943	197,616	905,559
Nonoperating Revenues (Expenses)			
Operating transfers out	(1,023,880)	(294,075)	(1,317,955)
Interest, rents, and royalties	68	52	120
Interest expense	(2,880)	(2,540)	(5,420)
Total Nonoperating Expenses	<u>(1,026,692)</u>	<u>(296,563)</u>	<u>(1,323,255)</u>
Change in Net Position	(318,749)	(98,947)	(417,696)
Net Position - Beginning of Year	<u>7,232,322</u>	<u>1,221,941</u>	<u>8,454,263</u>
Net Position - End of Year	<u>\$ 6,913,573</u>	<u>\$ 1,122,994</u>	<u>\$ 8,036,567</u>

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



**CITY OF GREENSBURG**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended December 31, 2015**

	<b>Parking Revenue Fund</b>	<b>Hutchinson Garage Fund</b>	<b>Total Proprietary Fund Types</b>
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,382,316	\$ 497,235	\$ 1,879,551
Payments to employees	(20,547)	(20,547)	(41,094)
Payments to suppliers	(223,619)	(185,979)	(409,598)
Net cash provided by operating activities	<u>1,138,150</u>	<u>290,709</u>	<u>1,428,859</u>
Cash Flows From Capital and Related Financing Activities			
Capital expenditures	(43,685)	(8,310)	(51,995)
Principal and interest on capital leases	(28,124)	(24,805)	(52,929)
Net cash used in capital and related financing activities	<u>(71,809)</u>	<u>(33,115)</u>	<u>(104,924)</u>
Cash Flows From Noncapital Financing			
Interfund transfers, noncapital	(1,023,880)	(294,075)	(1,317,955)
Cash Flows From Investing Activities			
Interest, rents, and royalties	<u>68</u>	<u>52</u>	<u>120</u>
Net Decrease in Cash and Cash Equivalents	42,529	(36,429)	6,100
Cash and Cash Equivalents - Beginning of Year	<u>111,365</u>	<u>417,627</u>	<u>528,992</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 153,894</u></u>	<u><u>\$ 381,198</u></u>	<u><u>\$ 535,092</u></u>
Reconciliation of Operating Income to Net Cash			
Provided by operating activities			
Operating income	\$ 707,943	\$ 197,616	\$ 905,559
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	432,238	100,123	532,361
Changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(9,438)	1,070	(8,368)
Increase (decrease) in accounts payable and other accrued liabilities	(4,228)	(11,720)	(15,948)
Increase in OPEB liability	6,140	6,140	12,280
Increase (decrease) Deferred revenue	5,495	(2,520)	2,975
Net cash provided by operating activities	<u><u>\$ 1,138,150</u></u>	<u><u>\$ 290,709</u></u>	<u><u>\$ 1,428,859</u></u>

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

**CITY OF GREENSBURG**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**December 31, 2015**

	Agency Funds					Total
	Police Pension Trust Fund	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Payroll Clearing Fund	Special Fund		
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 61,073	\$ 3,000	\$ 302,087	\$ -	\$ 366,160
Investments	18,309,904	-	-	-	-	18,309,904
Other receivables	30,873	-	-	-	-	30,873
Total Assets	<u>18,340,777</u>	<u>61,073</u>	<u>3,000</u>	<u>302,087</u>		<u>18,706,937</u>
<b>Liabilities</b>						
Due to others	-	-	3,000	302,087		305,087
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>302,087</u>		<u>305,087</u>
<b>Net Position</b>						
Net position restricted for pensions	18,340,777	-	-	-		18,340,777
Net position held in trust	-	61,073	-	-		61,073
Total Net Position	<u>\$ 18,340,777</u>	<u>\$ 61,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,401,850</u>

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

**CITY OF GREENSBURG**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**Year Ended December 31, 2015**

	<b>Police Pension Trust Fund</b>	<b>Private Purpose Trust Fund - Thomas Lynch Concert Fund</b>	<b>Total</b>
<b>Additions</b>			
Contributions			
Commonwealth	\$ 384,242	\$ -	\$ 384,242
Employer	823,788	-	823,788
Employee	109,813	-	109,813
Total Contributions	<u>1,317,843</u>	<u>-</u>	<u>1,317,843</u>
Investment income			
Net appreciation (depreciation) in fair value of investment	(477,574)	-	(477,574)
Interest and dividends	366,569	19	366,588
Total investment income	<u>(111,005)</u>	<u>19</u>	<u>(110,986)</u>
Total Additions	1,206,838	19	1,206,857
<b>Deductions</b>			
Benefit payments	1,152,199	-	1,152,199
Administration/other fees	81,007	-	81,007
Total Deductions	<u>1,233,206</u>	<u>-</u>	<u>1,233,206</u>
Change in Net Position	(26,368)	19	(26,349)
Net Position - Beginning of Year	<u>18,367,145</u>	<u>61,054</u>	<u>18,428,199</u>
Net Position - End of Year	<u>\$ 18,340,777</u>	<u>\$ 61,073</u>	<u>\$ 18,401,850</u>

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

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**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, 2015.

**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**  
**Year Ended December 31, 2015**

**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**  
**Year Ended December 31, 2015**

**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 2005 General Obligation Bonds Fund is a Capital Projects Fund that was created in 2006 when the City obtained a general obligation bond for \$4 million to construct additional parking to satisfy the needs of current and future growth in the downtown area. The 2005 General Obligation Bonds Fund is currently being used to account for grants and expenditures related to a bridge construction 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**  
**Year Ended December 31, 2015**

**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.

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

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 2013 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**  
**Year Ended December 31, 2015**

**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 expenditures were less than budgeted amounts due primarily to a budgeted increase in insurance costs, reductions in salaries compared to budget and decreased oil and gas prices.

The 2005 General Obligation Bonds Fund capital outlays were less than budgeted due to timing differences between when expenditures were paid and incurred, as the expenditures were budgeted on a cash basis. Total expenditures incurred for the bridge project were consistent with the budget in total.



**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**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**  
**Year Ended December 31, 2015**

**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 \$100,009 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**  
**Year Ended December 31, 2015**

**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**  
**Year Ended December 31, 2015**

**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, 2015.
- 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.

Adoption of Pronouncement

The City has adopted GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for periods beginning after June 15, 2014. This Statement revised existing standards for measuring and reporting pension liabilities for pension plans. One of the objectives of this accounting standard is to require governmental entities to recognize the difference between its actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. The adoption of this accounting standard had a material impact on recorded pension liabilities compared to the application of prior standards. As a result of this change in accounting principle, a net pension liability was established which required the beginning net position as of January 1, 2015 to be adjusted to reflect the change.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**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, 2015, \$3,296,365 of the City's bank balance of \$3,796,365 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 \$3,792,370 as of December 31, 2015.

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 \$536,892. 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, 2015:

Citizens Bank	\$ 2,541,607	58.7%
First Commonwealth	1,254,758	29.0%
PLGIT	536,892	12.4%

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**  
**Year Ended December 31, 2015**

**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, 2015.

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 \$61,073 is held in a PLGIT account. The entire balance was exposed to custodial credit risk at December 31, 2015.

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 \$305,991 are held in interest bearing accounts at a local bank. The entire balance was not exposed to custodial credit risk at December 31, 2015.

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, 2015, the City had the following investments in its Pension Trust Fund:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2015			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 1,106,430	\$ -	\$ 185,648	\$ 920,782	\$ -
U.S. Government Agencies	286,585	-	198,490	88,095	-
Corporate bonds	1,635,075	-	911,325	710,686	13,064
Municipal bonds	35,210	-	-	-	35,210
Certificates of deposit	1,159,013	-	1,159,013	-	-
Mortgage pools	694,826	-	-	53,472	641,354
Collateralized mortgage obligations and asset backed securities	1,083,047	-	459,208	122,887	500,952
Total debt securities	6,000,186	\$ -	\$ 2,913,684	\$ 1,895,922	\$ 1,190,580
Cash and cash equivalents	119,518				
Common stock	10,428,443				
Mutual funds	1,761,757				
Total investments reported on the statement of fiduciary net position	\$ 18,309,904				

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**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	\$ 1,761,757	9.62%
U.S. Government Treasuries	\$ 1,106,430	6.04%

**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, 2015, 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	71%
U.S. Government Agencies	NR	29%
Corporate Bonds	A1	20%
Corporate Bonds	A2	16%
Corporate Bonds	A3	19%
Corporate Bonds	Aa1	14%
Corporate Bonds	Aa3	4%
Corporate Bonds	Aaa	8%
Corporate Bonds	Ba1	2%
Corporate Bonds	Baa1	12%
Corporate Bonds	Baa2	1%
Corporate Bonds	NR	4%
Municipal Bonds	Aa3	100%
Mortgage Pools	Aaa	100%
Collateralized Mortgage Obligations and Asset Back Securities	A2	3%
Collateralized Mortgage Obligations and Asset Back Securities	A3	3%
Collateralized Mortgage Obligations and Asset Back Securities	Aa2	2%
Collateralized Mortgage Obligations and Asset Back Securities	Aa3	3%
Collateralized Mortgage Obligations and Asset Back Securities	Aaa	89%
Certificates of deposit	N/R	100%

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**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. The 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, 2015.

**NOTE 3 – ACCOUNTS RECEIVABLE - OTHER**

Accounts receivable - other in the governmental funds at December 31, 2015 consisted of the following:

Comcast franchise fee	\$ 71,808
Miscellaneous receivables	49,236
	<u>\$ 121,044</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**  
**Year Ended December 31, 2015**

**NOTE 4 – CAPITAL ASSETS**

**Primary Government**

A summary of changes in capital assets during 2015 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	424,886	792,156	-	-	1,217,042
	<u>1,187,012</u>	<u>792,156</u>	<u>-</u>	<u>-</u>	<u>1,979,168</u>
Capital assets, being depreciated:					
Buildings and improvements	10,980,444	10,931	-	-	10,991,375
Land improvements	1,271,042	-	-	-	1,271,042
Equipment and vehicles	8,630,097	121,989	(51,006)	-	8,701,080
Infrastructure	11,440,256	171,733	-	-	11,611,989
	<u>32,321,839</u>	<u>304,653</u>	<u>(51,006)</u>	<u>-</u>	<u>32,575,486</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,629,044)	(356,521)		-	(5,985,565)
Land improvements	(974,336)	(25,905)		-	(1,000,241)
Equipment and vehicles	(5,986,354)	(450,237)	51,006	-	(6,385,585)
Infrastructure	(1,429,199)	(240,852)		-	(1,670,051)
Total Accumulated Depreciation	<u>(14,018,933)</u>	<u>(1,073,515)</u>	<u>51,006</u>	<u>-</u>	<u>(15,041,442)</u>
Governmental Activities:					
Capital Assets, Net	<u>\$ 19,489,918</u>	<u>\$ 23,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,513,212</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 345,345
Department of Accounting and Finance	10,022
Department of Administration Development	247,511
Department of Public Works	242,080
Department of Parks and Recreation	228,557
	<u>\$ 1,073,515</u>

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 4 – 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	8,802,818	37,239	-	-	8,840,057
Land improvements	5,306,506	-	-	-	5,306,506
Equipment and vehicles	523,743	14,756	-	-	538,499
Infrastructure	37,316	-	-	-	37,316
	<u>14,670,383</u>	<u>51,995</u>	<u>-</u>	<u>-</u>	<u>14,722,378</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,969,533)	(244,599)	-	-	(5,214,132)
Land improvements	(2,260,990)	(252,002)	-	-	(2,512,992)
Equipment and vehicles	(211,780)	(35,014)	-	-	(246,794)
Infrastructure	(1,042)	(746)	-	-	(1,788)
Total Accumulated Depreciation	<u>(7,443,345)</u>	<u>(532,361)</u>	<u>-</u>	<u>-</u>	<u>(7,975,706)</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 8,173,263</u>	<u>\$ (480,366)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,692,897</u>

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

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers at December 31, 2015 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 800,000	\$ 5,000
Debt Service Fund	231,880	-
Parking Revenue	-	1,023,880
Hutchinson Garage	-	294,075
Other Governmental	<u>291,075</u>	<u>-</u>
Total	<u>\$ 1,322,955</u>	<u>\$ 1,322,955</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**  
**Year Ended December 31, 2015**

**NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT**

Long-term liability activity for the City for year ended **December 31, 2015** was as follows:

	Beginning Balance	Additions	Repayment	Ending Balance	Due Within One Year
<i><u>Governmental Activities</u></i>					
General Obligation Bonds	\$ 5,600,000	\$ -	\$ 1,210,000	\$ 4,390,000	\$ 605,000
Mortgage payable	200,000	-	-	200,000	200,000
Capital leases	314,995	55,680	117,828	252,847	113,141
Compensated absences	110,118	-	10,109	100,009	-
Total Face Value of Long-Term Debt	6,225,113	55,680	1,337,937	4,942,856	918,141
 Premiums	25,323	-	12,661	12,662	-
Discounts	(1,500)	-	(83)	(1,417)	-
 Total Governmental Activities	6,248,936	55,680	1,350,515	4,954,101	918,141
<i><u>Business-type Activities</u></i>					
Capital leases	97,656	-	47,509	50,147	50,147
Total Business-Type Activities	97,656	-	47,509	50,147	50,147
 Total	\$ 6,346,592	\$ 55,680	\$ 1,398,024	\$ 5,004,248	\$ 968,288

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, 2015, the amount outstanding relating to the 2011 Bonds was \$2,990,000. 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, 2015, the amount outstanding relating to the 2013 Bonds was \$1,400,000. 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**  
**Year Ended December 31, 2015**

**NOTE 6 – 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:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
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	315,000	99,119	414,119
2021-2025	1,715,000	351,319	2,066,319
2026-2030	640,000	118,925	758,925
2031-2032	220,000	14,850	234,850
	<u>\$ 4,590,000</u>	<u>\$ 1,052,446</u>	<u>\$ 5,642,446</u>

**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 matured in 2015. The principal balance was paid in full as of December 31, 2015.

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 matured in 2015. The principal balance was paid in full as of December 31, 2015.

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, 2015 was \$8,064.

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, 2015 was \$76,468.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 6 – 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, 2015 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, 2015 was \$18,484.

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, 2015 was \$85,930.

In July 2015, City entered into a lease agreement for a dump truck at a cost of \$55,680. The lease bears interest at 3.59% and requires annual payments of principal and interest of \$11,986. The lease is secured by the vehicle and will mature in 2019. The principal balance remaining at December 31, 2015 was \$43,865.

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, 2015 were \$26,646 and \$23,501, 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:**

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2016	\$ 113,141	\$ 10,761	\$ 123,902
2017	87,900	6,497	94,397
2018	40,242	3,227	43,469
2019	11,564	661	12,225
	<u>\$ 252,847</u>	<u>\$ 21,146</u>	<u>\$ 273,993</u>

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT (continued)**

*Business-type Activities:*

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2016	\$ 50,147	\$ 2,783	\$ 52,930

**NOTE 7 – 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 2015, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$131,205,340), as follows:

General purposes	15.55 mills
Debt service	9.50 mills

The other taxes levied for 2015 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 8 – 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**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

**Police Pension Plan**

**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, council 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, 2015, the plan had 59 active members, of which 24 were active employees and 35 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 2015, the City used the Commonwealth allocation of \$384,242 for its Police Plan. The remaining \$823,788 of MMO was paid by the General Fund. In addition, employee contributions to the Police Plan for 2015 were \$109,813, which represents 5% of covered payroll.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – 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.

Participants

As of January 1, 2015, 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>9</u>
Total	59

Net Pension Liability (NPL)

Total pension liability	\$ 21,497,389
Plan fiduciary net position	<u>(18,340,777)</u>
Net pension liability	<u>\$ 3,156,612</u>

Plan fiduciary net position as a percentage of the total pension liability	85.3%
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Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward to the measurement date of December 31, 2015, using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Inflation	3.0%
Salary increases	5.0% 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.



**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

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

Expected long-term  
rate of return

7.5%, 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, 2015 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%

Discount rate

The discount rate used to measure the total pension liability was 7.5%. 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 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.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
<b>Balances at 12/31/14</b>	\$ 20,610,199	\$ 18,367,145	\$ 2,243,054
<b>Changes for the year:</b>			
Service cost	445,318	-	445,318
Interest	1,540,737	-	1,540,737
Differences between expected and actual experience	(615,009)	-	(615,009)
Changes of assumptions	668,343	-	668,343
Contributions—employer	-	1,208,030	(1,208,030)
Contributions—employee	-	109,813	(109,813)
Net investment income	-	(111,005)	111,005
Benefit payments	(1,152,199)	(1,152,199)	-
Administrative expense	-	(81,007)	81,007
<b>Net changes</b>	<u>887,190</u>	<u>(26,368)</u>	<u>913,558</u>
<b>Balances at 12/31/15</b>	<u>\$ 21,497,389</u>	<u>\$ 18,340,777</u>	<u>\$ 3,156,612</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of this Plan, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

	1% Decrease (6.50 %)	Current Rate (7.50 %)	1% Increase (8.50 %)
Net pension liability	\$ 5,574,023	\$ 3,156,612	\$ 1,228,075

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the City recognized pension expense of \$878,368 related to this Plan.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
(continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to this Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 478,340
Changes of assumptions	519,822	-
Net difference between projected and actual earnings on pension plan investments	1,201,738	-
Total	<u>\$ 1,721,560</u>	<u>\$ 478,340</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this Plan will be recognized in pension expense as follows:

<b><u>Fiscal year ending December 31,</u></b>	<b><u>Amount</u></b>
2016	\$ 312,286
2017	312,286
2018	312,286
2019	306,362
2020	-
<b>Total</b>	<u>\$ 1,243,220</u>

**Non-Uniform Pension Plan**

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.

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

**Employees Covered by Benefit Terms**

All non-uniform full-time employees of the City are covered by this plan. As of December 31, 2014, the following employees were covered by benefit terms:

<u>Participants</u>	<u>Count</u>
Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	4
Active employees	48
Total	82

**Non-Uniformed Plan Financial Information**

PMRS is separately audited and a separate audit report for PMRS is available online through the PMRS website.

**Non-Uniformed Plan Contributions and Funding Policy**

Act 205 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 2015, the MMO for the Non-Uniformed Plan was \$176,684, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2015 were \$78,848, which represents 3.4% of covered payroll.

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

**Net Pension Liability**

The City's net pension liability related to the PMRS Plan was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

*Actuarial Assumptions* – The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	5.50% compounded annually, net of expenses	
	Total Rate (%) *	
Salary Increase	Age	(including inflation)
	25	8.30%
	30	6.40%
	35	5.60%
	40	5.00%
	45	4.20%
	50	4.10%
	55	3.90%
	60	3.70%
	65	3.00%
	* Add 2% for each of the first three years of service.	
Expenses	Based upon the expected expenses for the current year.	
Social Security Wage Base	3.50% per annum	
Inflation	3.0% per annum	

Mortality rates were based on the RP-2000 with a 1 year setback for males and 5 year setback for females. Rates of post-retirement mortality were based on the RP 2000 Sex-Distinct Mortality Table. The current mortality assumptions, while not reflecting projections for improvements as recommended under Actuarial Standard of Practice No. 35 are subject to experience review every four years at which time the Board receives recommendations of changes to reflect changes in experience over those expected from the tables applied over the five year period preceding the experience analysis. Such experience review is required by State statute. In addition the retired life reserve measured by PMRS is annually reviewed against the actuarial liability for retirees to ensure they are within a reasonable level of difference which has been proven to remain consistent year by year as a reflection of the effectiveness of the reserves and the underlying actuarial assumptions for mortality.

Disability life mortality rates were based on the RP 2000 with a 10 year set forward.

The actuarial assumptions used in the January 1, 2014 valuation were based on the PMRS Experience Study for the period covering January 1, 2005 through December 31, 2008 issued by the actuary in July 2010 as well as subsequent Board approved assumption changes, such as the decrease in the investment return assumption from 6.0% to 5.5% in the most recent valuation.

The long-term expected rate of return is based on return expectations of the pooled investments.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

Net Pension Liability (continued)

*Discount Rate* – The discount rate used to measure the total pension liability was 5.50% as of December 31, 2014. PMRS has not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” Adherence to the actuarial funding policy in accordance with Act 205 will result in the pension plan’s projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefits to determine Total Pension Liability.

Changes in the Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
<b>Balances at 12/31/13</b>	\$ 11,232,023	\$ 10,831,251	\$ 400,772
<b>Changes for the year:</b>			
Service cost	236,891	-	236,891
Interest	620,163	-	620,163
Differences between expected and actual experience	(67,092)	-	(67,092)
Contributions—employer	-	124,414	(124,414)
Contributions—employee	-	78,848	(78,848)
PMRS investment income	-	581,598	(581,598)
Market value investment income *	-	(106,040)	106,040
Transfers	-	-	-
Benefit payments	(391,672)	(391,672)	-
PMRS administrative expense	-	(1,760)	1,760
Additional administrative expense	-	(22,304)	22,304
<b>Net changes</b>	<u>398,290</u>	<u>263,084</u>	<u>135,206</u>
<b>Balances at 12/31/14</b>	<u>\$ 11,630,313</u>	<u>\$ 11,094,335</u>	<u>\$ 535,978</u>

\* Reflects the net investment income (loss) of (\$35,442) and the income (loss) due to the difference between expected and actual asset values of (\$70,598), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 8 – PENSION PLANS (continued)**

**Sensitivity of the Net Pension Liability to Changes in Discount Rate**

The following presents the net pension liability of this Plan, calculated using the discount rate of 5.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.50%) or 1% higher (6.50%) than the current rate:

	<b>1% Decrease (4.50%)</b>	<b>Current Discount Rate (5.50%)</b>	<b>1% Increase (6.50%)</b>
Total Pension Liability	\$ 12,934,858	\$ 11,630,313	\$ 10,509,659
Plan Fiduciary Net Position	<u>11,094,335</u>	<u>11,094,335</u>	<u>11,094,335</u>
Net Pension Liability	<u>\$ 1,840,523</u>	<u>\$ 535,978</u>	<u>\$ (584,676)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2015, the City recognized pension expense of \$314,167 related to this Plan. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 55,910
Contributions subsequent to the measurement date	194,302	-
Net difference between projected and actual earnings on pension plan investments	84,832	-
Total	<u>\$ 279,134</u>	<u>\$ 55,910</u>

The City reported \$194,302 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this plan will be recognized in pension expense as follows:

<b><u>Fiscal year ending December 31,</u></b>	<b><u>Amount</u></b>
2016	\$ 10,026
2017	10,026
2018	10,026
2019	10,026
2020	(11,182)
<b>Total</b>	<u>\$ 28,922</u>

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits disclosed in Note 8, 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 2015, the City contributed \$134,727 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**  
**Year Ended December 31, 2015**

**NOTE 9 – 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	\$ 337,833	\$ 30,709	\$ 42,512	\$ 411,054
Interest on net OPEB obligation	69,773	6,342	8,780	84,895
Adjustment to annual required contribution	(107,379)	(9,761)	(13,511)	(130,651)
Annual OPEB cost	300,227	27,290	37,781	365,298
Contributions made	110,728	10,065	13,934	134,727
Increase in net OPEB obligation	189,499	17,225	23,847	230,571
Net OPEB obligation beginning of year	1,685,296	188,734	123,510	1,997,540
Net OPEB obligation end of year	\$ 1,874,795	\$ 205,959	\$ 147,357	\$ 2,228,111

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
<b>Police:</b>			
December 31, 2015	\$ 300,227	36.9%	\$ 1,874,795
December 31, 2014	311,179	25.9%	1,685,296
December 31, 2013	165,513	25.6%	1,454,595
<b>Non-Uniformed, Non-Union:</b>			
December 31, 2015	\$ 27,290	36.9%	\$ 205,959
December 31, 2014	28,286	25.9%	188,734
December 31, 2013	134,073	25.6%	167,764
<b>Non-Uniformed, Union:</b>			
December 31, 2015	\$ 37,781	36.9%	\$ 147,357
December 31, 2014	39,158	25.9%	123,510
December 31, 2013	18,401	25.6%	94,479

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 9 – 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 \$5,144,439, and the ratio of the UAAL to the covered payroll was 81 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)
Health care inflation rate	Medical/Rx: 5.0% per year Dental and Vision: 4.0% per year

**CITY OF GREENSBURG**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2015**

**NOTE 10 – 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, 2015, 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, 2015 totaled \$3,290,091. 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 11 – 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.

**NOTE 12 – RETROSPECTIVE APPLICATION OF NEW ACCOUNTING STANDARDS**

With the adoption of GASB Statement No. 68, the City is required to recognize the net pension liability retrospectively. Below is a summary of the amounts restated as of and for the year ended December 31, 2015 because of implementation of GASB Statement No. 68:

	As Originally Stated	Restated	Increases (Decreases)
Net pension liability	\$ -	\$ 2,643,826	\$ 2,643,826
Deferred outflows of resources	\$ -	\$ 201,092	\$ 201,092
Net position	\$ 24,950,930	\$ 22,508,196	\$ (2,442,734)

**NOTE 13 – SUBSEQUENT EVENTS**

The City evaluated its December 31, 2015 financial statements for subsequent events through September 30, 2016, the date the financial statements were available to be issued. In September 2016, the City issued a \$3,000,000 General Obligation Note to fund capital projects throughout the City. Except for this matter, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GREENSBURG**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios –**  
**Police Pension Plan**  
**December 31, 2015**

**Total pension liability**

Service cost	\$ 445,318
Interest	1,540,737
Differences between expected and actual experience	(615,009)
Changes of assumptions	668,343
Benefit payments, including refunds of member contributions	<u>(1,152,199)</u>

**Net change in total pension liability** 887,190

**Total pension liability—beginning** 20,610,199

**Total pension liability—ending (a)** \$ 21,497,389

**Plan fiduciary net position**

Contributions - Commonwealth	\$ 384,242
Contributions - employer	823,788
Contributions - member	109,813
Net investment income	366,569
Benefit payments, including refunds of member contributions	(1,152,199)
Administrative expense	(81,007)
Unrealized gain on investments	<u>(477,574)</u>

**Net change in plan fiduciary net position** (26,368)

**Plan fiduciary net position—beginning** 18,367,145

**Plan fiduciary net position—ending (b)** \$ 18,340,777

**Net pension liability—ending (a) – (b)** \$ 3,156,612

**Plan fiduciary net position as a percentage of the total pension liability** 85.3%

**Covered-employee payroll** \$ 2,381,538

**Net pension liability as a percentage of covered-employee payroll** 132.5%

*See independent auditor's report.*

**CITY OF GREENSBURG**  
**Schedule of the City's Contributions and Investment Returns –**  
**Police Pension Plan**  
**December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Schedule of the City's Contributions</b>		
Actuarially determined contribution	\$ 1,207,880	\$ 1,033,596
Contributions in relation to the actuarially determined contribution	<u>1,208,030</u>	<u>1,033,746</u>
Contribution deficiency (excess)	\$ <u>(150)</u>	\$ <u>(150)</u>
Covered-employee payroll	\$ <u>2,381,538</u>	\$ <u>2,536,533</u>
Contributions as a percentage of covered-employee payroll	50.72%	40.75%
<b>Investment Returns</b>		
Annual money-weighted rate of return, net of investment expense	-0.86%	6.80%

**Notes to the Schedule**

- Changes to Benefits
  - Effective January 1, 2009: The normal retirement eligibility for officers hired on or after January 1, 2009 was changed to age 50 and completion of 20 years of service (rather than 20 years of service). The normal retirement benefit was changed to 50% of final monthly average salary (rather than 60%).
- Changes to Assumptions
  - Effective January 1, 2009: The asset smoothing corridor was expanded to 75% -125% of market value for the 2009 actuarial valuation report (AVR).
  - Effective January 1, 2011: The mortality assumption was updated to the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rated projected to improve with 75% of scale AA for the 2011 AVR.
  - Effective January 1, 2015: The interest rate and salary scale assumptions were lowered, from 8.0% to 7.5% and from 5.5% to 5.0%, respectively.

*See independent auditor's report.*

**CITY OF GREENSBURG**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios –**  
**Non-uniform Pension Plan**  
**December 31, 2015**

	<u>12/31/2014 *</u>
<b>Total pension liability</b>	
Service cost	\$ 236,891
Interest	620,163
Differences between expected and actual experience	(67,092)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(391,672)</u>
<b>Net change in total pension liability</b>	398,290
<b>Total pension liability—beginning</b>	<u>11,232,023</u>
<b>Total pension liability—ending (a)</b>	<u><u>\$ 11,630,313</u></u>
<b>Plan fiduciary net position</b>	
Contributions—employer	\$ 124,414
Contributions—employee	78,848
Net investment income	475,558
Benefit payments, including refunds of employee contributions	(391,672)
Administrative expense	(1,760)
Other	<u>(22,304)</u>
<b>Net change in plan fiduciary net position</b>	263,084
<b>Plan fiduciary net position—beginning</b>	<u>10,831,251</u>
<b>Plan fiduciary net position—ending (b)</b>	<u><u>\$ 11,094,335</u></u>
<b>Net pension liability—ending (a) – (b)</b>	<u><u>\$ 535,978</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.39%
<b>Covered-employee payroll</b>	\$ 2,386,279
<b>Net pension liability as a percentage of covered-employee payroll</b>	22.46%

\* This date represents the measurement date for the current fiscal year end. This was the most recently available measurement date.

*See independent auditor's report.*

**CITY OF GREENSBURG**  
**Schedule of the City's Contributions –**  
**Non-uniform Pension Plan**  
**December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Schedule of the City's Contributions</b>		
Actuarially determined contribution	\$ 176,684	\$ 122,184
Contributions in relation to the actuarially determined contributions	<u>176,684</u>	<u>124,414</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(2,230)</u>
Covered-employee payroll	\$ 2,327,343	\$ 2,386,279
Contributions as a percentage of covered-employee payroll	7.59%	5.21%

*See independent auditor's report.*



**CITY OF GREENSBURG**  
**Schedule of Funding Progress -- Other Postemployment Benefit Plans**  
**December 31, 2015**

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 auditor's report.*

**CITY OF GREENSBURG**  
**Post Employment Benefits Other than Pension Benefits**  
**(OPEBs) Factors and Trends Used in Actuarial Valuation**  
**December 31, 2015**

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 auditor's report.*

## **SUPPLEMENTARY INFORMATION**

**CITY OF GREENSBURG**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2015**

	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	Grant Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	2013 General Obligation Note Fund	
Assets										
Cash and cash equivalents	\$ 2,246	\$ 215,239	\$ 48,692	\$ 84,367	\$ -	\$ 38,942	\$ 389,602	\$ 321,652	\$ 7,609	\$ 1,108,349
Taxes receivables	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	2,500	2,404	-	-	-	-	4,904
Total Assets	\$ 2,246	\$ 215,239	\$ 48,692	\$ 86,867	\$ 2,404	\$ 38,942	\$ 389,602	\$ 321,652	\$ 7,609	\$ 1,113,253
Liabilities										
Accounts payable	\$ -	\$ 10,696	\$ -	\$ 499	\$ 2,404	\$ 588	\$ 6,536	\$ -	\$ -	\$ 20,723
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	10,696	-	499	2,404	588	6,536	-	-	20,723
Fund Balance										
Restricted	2,246	204,543	-	-	-	-	-	-	7,609	214,398
Committed	-	-	48,692	86,368	-	38,354	383,066	321,652	-	878,132
Total Fund Balance	2,246	204,543	48,692	86,368	-	38,354	383,066	321,652	7,609	1,092,530
Total Liabilities and Fund Balance	\$ 2,246	\$ 215,239	\$ 48,692	\$ 86,867	\$ 2,404	\$ 38,942	\$ 389,602	\$ 321,652	\$ 7,609	\$ 1,113,253

See independent auditor's report.

**CITY OF GREENSBURG**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

	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	Grant Fund	Police Equipment Fund	Fire Department Equipment Fund	Hutchinson Garage Reserve Fund	2013 General Obligation Note Fund	
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	14,210	-	-	-	14,210
Charges for service	-	-	64,386	2,600	-	175	-	-	-	67,161
Intergovernmental revenue	-	350,295	-	-	495,579	18,047	-	-	-	863,921
Interest, rents, and royalties	-	88	92	-	-	-	-	100	2	282
Miscellaneous	500	1,122	21,892	84,946	-	-	-	-	-	108,460
Total Revenues	500	351,505	86,370	87,546	495,579	32,432	-	100	2	1,054,034
<b>Expenditures</b>										
Department of Public Affairs and Safety	175	-	-	-	495,579	29,375	9,543	-	-	534,672
Department of Public Works	-	244,179	-	-	-	-	-	-	-	244,179
Department of Parks and Recreation	-	-	114,411	105,991	-	-	-	-	-	220,402
Capital outlay	-	171,732	-	-	-	54,309	-	-	-	226,041
Total Expenditures	175	415,911	114,411	105,991	495,579	83,684	9,543	-	-	1,225,294
Excess (Deficiency) of Revenues Over Expenditures	325	(64,406)	(28,041)	(18,445)	-	(51,252)	(9,543)	100	2	(171,260)
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	-	24,431	5,000	-	36,647	183,234	41,763	-	291,075
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	24,431	5,000	-	36,647	183,234	41,763	-	291,075
Net Change in Fund Balance	325	(64,406)	(3,610)	(13,445)	-	(14,605)	173,691	41,863	2	119,815
Beginning Fund Balance	1,921	268,949	52,302	99,813	-	52,959	209,375	279,789	7,607	972,715
Ending Fund Balance	\$ 2,246	\$ 204,543	\$ 48,692	\$ 86,368	\$ -	\$ 38,354	\$ 383,066	\$ 321,652	\$ 7,609	\$ 1,092,530

See independent auditor's report.

**CITY OF GREENSBURG**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

**Special Revenue Funds**

	Armstrong Fund			Motor Tax Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 339,045	\$ 350,295	\$ 11,250
Interest, rents, and royalties	-	-	-	65	88	23
Miscellaneous	-	500	500	6,193	1,122	(5,071)
Total Revenues	-	500	500	345,303	351,505	6,202
Expenditures						
Department of Public Affairs and Safety	-	175	(175)	-	-	-
Department of Public Works	-	-	-	285,445	244,179	41,266
Capital outlay	-	-	-	175,000	171,732	3,268
Total Expenditures	-	175	(175)	460,445	415,911	44,534
Excess (Deficiency) of Revenues Over Expenditures	-	325	325	(115,142)	(64,406)	50,736
Net Change in Fund Balance	\$ -	\$ 325	\$ 325	\$ (115,142)	\$ (64,406)	\$ 50,736

See independent auditor's report.

**CITY OF GREENSBURG**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

**Special Revenue Funds**

	Greensburg Community Days Fund			St. Clair Park Concert Series Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
Revenues						
Charges for service	\$ 64,500	\$ 64,386	\$ (114)	\$ 2,500	\$ 2,600	\$ 100
Interest, rents, and royalties	100	92	(8)	-	-	-
Miscellaneous	43,000	21,892	(21,108)	82,000	84,946	2,946
Total Revenues	107,600	86,370	(21,230)	84,500	87,546	3,046
Expenditures						
Department of Parks and Recreation	128,850	114,411	14,439	101,500	105,991	(4,491)
Total Expenditures	128,850	114,411	14,439	101,500	105,991	(4,491)
Excess (Deficiency) of Revenues Over Expenditures	(21,250)	(28,041)	(6,791)	(17,000)	(18,445)	(1,445)
Other Financing Sources (Uses)						
Transfers in	-	24,431	(24,431)	5,000	5,000	-
Total Other Financing Sources (Uses)	-	24,431	(24,431)	5,000	5,000	-
Net Change in Fund Balance	\$ (21,250)	\$ (3,610)	\$ 17,640	\$ (12,000)	\$ (13,445)	\$ (1,445)

See independent auditor's report.

**CITY OF GREENSBURG**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

**Special Revenue Funds**

	Grant Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
Revenues			
Charges for service	\$ -	\$ -	\$ -
Interest, rents, and royalties	-	-	-
Intergovernmental revenue	7,000,939	495,579	(6,505,360)
Total Revenues	7,000,939	495,579	(6,505,360)
Expenditures			
Department of Public Affairs and Safety	7,000,939	495,579	6,505,360
Total Expenditures	7,000,939	495,579	6,505,360
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -

See independent auditor's report.



**CITY OF GREENSBURG**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

**Capital Projects Funds**

	2013 General Obligation Bonds Fund				Police Equipment Fund			
	Budget	Actual	Variance with		Budget	Actual	Variance with	
	Original/Final	(Budgetary Basis)	Final Budget		Original/Final	(Budgetary Basis)	Final Budget	
Revenues								
License and permits	\$ -	\$ -	\$ -	\$	15,400	\$ 14,210	\$ (1,190)	
Charges for service	-	-	-		300	175	(125)	
Intergovernmental	-	-	-		500	18,047	17,547	
Interest, rents, and royalties	-	2	2		-	-	-	
Miscellaneous	-	-	-		-	-	-	
Total Revenues	-	2	2		16,200	32,432	16,232	
Expenditures								
Department of Public Affairs and Safety	-	-	-		11,400	29,375	(17,975)	
Department of Public Works	-	-	-		-	-	-	
Department of Parks and Recreation	-	-	-		-	-	-	
Capital outlay	2,734	-	2,734		35,000	54,309	(19,309)	
Total Expenditures	2,734	-	2,734		46,400	83,684	(37,284)	
Excess (Deficiency) of Revenues Over Expenditures	(2,734)	2	2,736		(30,200)	(51,252)	(21,052)	
Other Financing Sources (Uses)								
Transfers in	-	-	-		36,274	36,647	(373)	
Proceeds from sale of assets	-	-	-		-	-	-	
Total Other Financing Sources (Uses)	-	-	-		36,274	36,647	(373)	
Net Change in Fund Balance	\$ (2,734)	\$ 2	\$ 2,736	\$	\$ 6,074	\$ (14,605)	\$ (20,679)	

See independent auditor's report.

**CITY OF GREENSBURG**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

**Capital Projects Funds**

	Fire Department Capital Equipment Fund			Hutchinson Garage Reserve Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
Revenues						
Interest, rents, and royalties	\$ -	\$ -	\$ -	\$ 50	\$ 100	\$ 50
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	-	50	100	50
Expenditures						
Department of Public Affairs and Safety	20,000	9,543	10,457	-	-	-
Capital outlay	90,000	-	90,000	-	-	-
Total Expenditures	110,000	9,543	100,457	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(110,000)	(9,543)	100,457	50	100	50
Other Financing Sources (Uses)						
Transfers in	181,370	183,234	(1,864)	41,338	41,763	(425)
Total Other Financing Sources (Uses)	181,370	183,234	(1,864)	41,338	41,763	(425)
Net Change in Fund Balance	\$ 71,370	\$ 173,691	\$ 102,321	\$ 41,388	\$ 41,863	\$ 475

See independent auditor's report.

Greensburg Office

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 Daniel W. Wilkins, CPA

**Independent Auditor's 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**

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, 2015, 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 September 30, 2016.

***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 Auditor's 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**

(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  
September 30, 2016