

CITY OF GREENSBURG

General Purpose
Financial Statements

December 31, 2016

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, 2016, 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, 2016, and the respective changes in financial position, the respective budgetary comparisons for the General, 2016 General Obligation Note Fund and Grant Funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension and other post-employment benefits information on pages 4-10 and 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.

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.

(continued)

Independent Auditor's Report

(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017 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.

Singer Accounting, PC

Singer Accounting, PC
Ligonier, Pennsylvania
September 11, 2017

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2016

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, 2016. 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, 2016.

FINANCIAL HIGHLIGHTS

- The City's net position, as presented, was \$22,183,227 at December 31, 2016, a decrease of \$839,807 from 2015.
- At the end of the current year, the City had total bonds and notes outstanding of \$6,785,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$13,670,313. Expenditures amounted to \$16,396,595.
- Operating revenues of the City's business-type activities were \$1,915,860 for 2016 and operating expenses amounted to \$1,002,644.
- The real estate tax millage rate remained at 25.05 mills for 2016.

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, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

The City maintained 13 governmental funds during 2016. 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, 2016 General Obligation Note Fund and the Grant 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, the 2005 General Obligation Note Fund, Police Equipment Fund, Fire Department Capital Equipment Fund, Hutchinson Garage Reserve Fund, the 2013 General Obligation Note Fund and the Debt Service 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, 2016

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 70 of this report.

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2016

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 \$22,183,227 at the close of the year.

A condensed summary of the City's net position at December 31, 2016 and 2015 is as follows.

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Assets			
Current assets	\$ 7,770,824	\$ 5,815,077	\$ 1,955,747
Other non-current assets	25,400	25,400	-
Capital assets, net	<u>27,310,070</u>	<u>27,206,109</u>	<u>103,961</u>
Total Assets	35,106,294	33,046,586	2,059,708
 Deferred Outflows of Resources	 2,280,476	 2,000,694	 279,782
 Liabilities			
Current liabilities	1,653,199	1,533,335	119,864
Non-current liabilities	<u>13,163,945</u>	<u>9,956,661</u>	<u>3,207,284</u>
Total Liabilities	14,817,144	11,489,996	3,327,148
 Deferred Inflows of Resources	 <u>386,399</u>	 <u>534,250</u>	 <u>(147,851)</u>
 Net Position			
Net investment in capital assets	20,019,997	22,301,870	(2,281,873)
Restricted	2,619,102	1,006,528	1,612,574
Unrestricted	<u>(455,872)</u>	<u>(285,364)</u>	<u>(170,508)</u>
Total Net Position	\$ <u><u>22,183,227</u></u>	\$ <u><u>23,023,034</u></u>	\$ <u><u>(839,807)</u></u>

The majority of the increase in current assets and non-current liabilities relates to the 2016 General Obligation Note proceeds that were received in the current year in which cash was recognized but expenses were not incurred. 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, 2016

FINANCIAL ANALYSIS OF THE CITY (continued)

A condensed summary of the City's change in net position for the years ended December 31, 2016 and 2015 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 1,459,783	\$ 1,462,417	\$ 1,845,171	\$ 1,884,824	\$ 3,304,954	\$ 3,347,241
Operating grant contributions	3,977,346	1,616,563	-	-	3,977,346	1,616,563
Capital grants and contributions	135,263	771,553	-	-	135,263	771,553
General revenues						
Property taxes	3,017,641	3,107,029	-	-	3,017,641	3,107,029
Earned income tax	3,172,501	3,155,240	-	-	3,172,501	3,155,240
Business privilege tax	450,992	454,710	-	-	450,992	454,710
Local service tax	540,528	572,232	-	-	540,528	572,232
Other taxes	345,864	318,390	-	-	345,864	318,390
Interest, rents, and royalties	12,016	8,640	191	120	12,207	8,760
Franchise fees	296,522	285,883	-	-	296,522	285,883
Gain (loss) on disposal of fixed assets	30,855	9,033	-	-	30,855	9,033
Miscellaneous income	214,329	226,261	70,689	120	285,018	226,381
Internal transfers	1,261,121	1,317,955	(1,261,121)	(1,317,955)	-	-
Total Revenues	14,914,761	13,305,906	654,930	567,109	15,569,691	13,873,015
Program expenses						
Public affairs and safety	8,572,453	6,019,127	-	-	8,572,453	6,019,127
Accounts and finance	1,878,157	1,677,449	-	-	1,878,157	1,677,449
Administrative development	1,452,459	1,370,205	-	-	1,452,459	1,370,205
Public works	1,693,059	1,603,429	-	-	1,693,059	1,603,429
Parks and recreation	1,675,272	1,561,680	-	-	1,675,272	1,561,680
Interest	132,671	141,482	-	-	132,671	141,482
Parking activities	-	-	1,005,427	984,805	1,005,427	984,805
Total Expenses	15,404,071	12,373,372	1,005,427	984,805	16,409,498	13,358,177
Change in Net Position	(489,310)	932,534	(350,497)	(417,696)	(839,807)	514,838
Net Position - Beginning of Year	14,986,467	14,053,933	8,036,567	8,454,263	23,023,034	22,508,196
Net Position - End of Year	\$ 14,497,157	\$ 14,986,467	\$ 7,686,070	\$ 8,036,567	\$ 22,183,227	\$ 23,023,034

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2016

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 2016, the City's governmental funds reported combined ending fund balances of \$5,888,504. Of this amount, \$1,919,976 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 \$1,919,976 and the *non-spendable fund balance* of the General Fund was \$88,021.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues increased 2.8% over budgetary estimates, or by \$255,256; expenditures were less than budgetary estimates by \$352,346 or 3.2%. The City budgeted for the use of \$1,000,000 of fund balance accumulated in prior years and actually utilized \$430,153 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 \$3,785,000 (not inclusive of capital leases and the mortgage payable). The total outstanding bonds decreased \$605,000 during the current year.

A summary of the City's debt (including capital leases and mortgages payable) activity in 2016 follows:

Beginning balance, January 1, 2016	\$	4,904,239
Additions		3,410,329
Repayments and amortization of premiums and discounts		<u>(1,056,365)</u>
Ending balance, December 31, 2016	\$	<u><u>7,258,203</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, 2016, the City's Governmental Activities had \$20,118,741 invested in capital assets. The Proprietary Activities had \$7,191,329 invested in capital assets. During 2016, the City purchased total capital assets of \$1,787,183 and placed prior year construction into progress in service in the amount of \$1,217,042.

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, 2016

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 in recent years. Another exciting development is that Westmoreland County's only Medical Marijuana Dispensary, Keystone Integrated Care, is going to be coming to Greensburg's downtown.

There was no tax increase in the 2016 General Fund budget and real estate taxes remained at 25.05 mills.

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

During 2017, the City refinanced \$3,645,000 worth of outstanding bond debt and issued an additional \$1,200,000 to fund capital projects throughout the City. Projects include rehabilitation to the Veterans' Memorial Pool at Thomas Lynch Field Park and Pro Shop/Snack Bar renovations at Mt. Odin Golf Course. The City saved around \$157,000 by refinancing the existing debt.

Additionally, the City has secured Community Development Block Grant (CDBG) monies. These funds are to 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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 5,588,837	\$ 669,787	\$ 6,258,624
Receivables, net			
Taxes	1,093,108	-	1,093,108
Other	240,388	20,283	260,671
Prepaid expenses	88,021	70,400	158,421
Total Current Assets	<u>7,010,354</u>	<u>760,470</u>	<u>7,770,824</u>
Noncurrent Assets			
Restricted escrow assets	25,400	-	25,400
Capital assets, not being depreciated	1,247,612	978,095	2,225,707
Capital assets, net of accumulated depreciation	18,871,129	6,213,234	25,084,363
Total Noncurrent Assets	<u>20,144,141</u>	<u>7,191,329</u>	<u>27,335,470</u>
Total Assets	<u>27,154,495</u>	<u>7,951,799</u>	<u>35,106,294</u>
Deferred Outflows of Resources	2,280,476	-	2,280,476
Liabilities			
Current Liabilities			
Accounts payable	436,733	110,100	546,833
Accrued interest	17,872	-	17,872
Other accrued liabilities	229,394	9,830	239,224
Unearned revenue	4,758	52,995	57,753
Liabilities payable from restricted assets	25,400	-	25,400
Due within one year	766,117	-	766,117
Total Current Liabilities	<u>1,480,274</u>	<u>172,925</u>	<u>1,653,199</u>
Noncurrent Liabilities			
Other postemployment benefits liability	2,297,033	92,804	2,389,837
Due in more than one year	6,589,600	-	6,589,600
Net pension liability	4,184,508	-	4,184,508
Total Noncurrent Liabilities	<u>13,071,141</u>	<u>92,804</u>	<u>13,163,945</u>
Total Liabilities	14,551,415	265,729	14,817,144
Deferred Inflows of Resources	<u>386,399</u>	<u>-</u>	<u>386,399</u>
Net Position			
Net investment in capital assets	12,860,538	7,159,459	20,019,997
Restricted for			
Liquid fuels	167,203	-	167,203
Emergency assistance	2,246	-	2,246
Capital projects	2,449,653	-	2,449,653
Unrestricted	<u>(982,483)</u>	<u>526,611</u>	<u>(455,872)</u>
Total Net Position	<u>\$ 14,497,157</u>	<u>\$ 7,686,070</u>	<u>\$ 22,183,227</u>

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

CITY OF GREENSBURG
Statement of Activities
Year Ended December 31, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
Governmental Activities							
Department of Public Affairs and Safety	\$ 8,572,453	\$ 439,675	\$ 3,267,978	\$ 109,028	\$ (4,755,772)	\$ -	\$ (4,755,772)
Department of Accounts and Finance	1,878,157	29,496	45,421	-	(1,803,240)	-	(1,803,240)
Department of Administrative Development	1,452,459	83,874	-	-	(1,368,585)	-	(1,368,585)
Department of Public Works	1,693,059	46,230	508,813	26,235	(1,111,781)	-	(1,111,781)
Department of Parks and Recreation	1,675,272	860,508	155,134	-	(659,630)	-	(659,630)
Interest	132,671	-	-	-	(132,671)	-	(132,671)
Total Governmental Activities	15,404,071	1,459,783	3,977,346	135,263	(9,831,679)	-	(9,831,679)
Business-Type Activities							
Parking revenue fund	710,041	1,395,209	-	-	-	685,168	685,168
Hutchinson Garage fund	295,386	449,962	-	-	-	154,576	154,576
Total Business-Type Activities	1,005,427	1,845,171	-	-	-	839,744	839,744
Total Primary Government	\$ 16,409,498	\$ 3,304,954	\$ 3,977,346	\$ 135,263	(9,831,679)	839,744	(8,991,935)
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,017,641	-	3,017,641
Earned income tax					3,172,501	-	3,172,501
Business privilege tax					450,992	-	450,992
Local service tax					540,528	-	540,528
Other taxes levied for general purposes					345,864	-	345,864
Interest, rents, and royalties					12,016	191	12,207
Franchise fees					296,522	-	296,522
Gain (loss) on disposal of capital assets					30,855	-	30,855
Miscellaneous income					214,329	70,689	285,018
Internal transfers					1,261,121	(1,261,121)	-
Total General Revenues, Special Items and Transfers					9,342,369	(1,190,241)	8,152,128
Change in Net Position					(489,310)	(350,497)	(839,807)
Beginning Net Position					14,986,467	8,036,567	23,023,034
Ending Net Position					\$ 14,497,157	\$ 7,686,070	\$ 22,183,227

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

CITY OF GREENSBURG
Balance Sheet – Governmental Funds
December 31, 2016

	General Fund	2016 General Obligation Note Fund	Grant Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 1,454,975	\$ 2,696,590	\$ -	\$ 1,462,672	\$ 5,614,237
Receivables					
Taxes (net)	1,050,786	-	-	42,322	1,093,108
Other receivables	230,138	-	-	10,250	240,388
Prepaid expenses	88,021	-	-	-	88,021
Total Assets	\$ 2,823,920	\$ 2,696,590	\$ -	\$ 1,515,244	\$ 7,035,754
Liabilities					
Accounts payable	\$ 145,033	\$ 254,548	\$ -	\$ 37,152	\$ 436,733
Other accrued liabilities	254,794	-	-	-	254,794
Deferred revenue	414,460	-	-	41,263	455,723
Due To / Due From	1,636	-	-	(1,636)	-
Total Liabilities	815,923	254,548	-	76,779	1,147,250
Fund Balance					
Non-spendable - prepaid expenses	88,021	-	-	-	88,021
Restricted					
Emergency assistance	-	-	-	2,246	2,246
Liquid fuels	-	-	-	167,203	167,203
Capital projects	-	2,442,042	-	579,555	3,021,597
Debt service	-	-	-	154,438	154,438
Committed					
Community event	-	-	-	116,667	116,667
Capital projects	-	-	-	418,356	418,356
Unassigned	1,919,976	-	-	-	1,919,976
Total Fund Balance	2,007,997	2,442,042	-	1,438,465	5,888,504
Total Liabilities and Fund Balance	\$ 2,823,920	\$ 2,696,590	\$ -	\$ 1,515,244	\$ 7,035,754

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, 2016

Total Fund Balance - Governmental Funds	\$	5,888,504
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$36,252,967 and the accumulated depreciation is \$16,134,226.		20,118,741
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Taxes receivable will be collected in future years but are not available soon enough to pay for the current year's expenditures and, therefore, are deferred in those funds.		450,965
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The net OPEB liability is a long-term liability that is not due and payable in the current period and, therefore, is not reported as a liability in the funds.		(2,297,033)
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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.		(2,290,431)
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Liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements consist of the following at year end:

Bonds and notes payable	(6,785,000)		
Capital leases obligations	(474,537)		
Compensated absences	(97,514)		
Accrued interest	(17,872)		
	<u>(17,872)</u>		(7,374,923)

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.		<u>1,334</u>
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Total Net Position - Governmental Activities	\$	<u><u>14,497,157</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
Year Ended December 31, 2016

	General Fund	2016 General Obligation Note Fund	Grant Fund	Other Governmental Funds	Total
Revenues					
Taxes	\$ 6,597,086	\$ -	\$ -	\$ 965,519	\$ 7,562,605
Licenses and permits	544,675	-	-	12,310	556,985
Fines and forfeits	253,357	-	-	-	253,357
Charges for services	985,255	-	-	62,898	1,048,153
Intergovernmental revenue	691,401	-	2,756,304	412,971	3,860,676
Interest, rent, and earnings on investments	9,712	-	-	2,303	12,015
Miscellaneous	245,859	-	-	130,663	376,522
Total Revenues	9,327,345	-	2,756,304	1,586,664	13,670,313
Expenditures					
Department of Public Affairs and Safety	5,326,424	-	2,756,304	7,734	8,090,462
Department of Accounts and Finance	1,800,872	-	-	-	1,800,872
Department of Administrative Development	1,194,940	-	-	-	1,194,940
Department of Public Works	1,159,596	-	-	235,704	1,395,300
Department of Parks and Recreation	1,297,321	-	-	215,682	1,513,003
Capital outlay	-	557,958	-	902,087	1,460,045
Debt service					
Principal	-	-	-	805,000	805,000
Interest	-	-	-	136,973	136,973
Total Expenditures	10,779,153	557,958	2,756,304	2,303,180	16,396,595
Excess (deficiency) of Revenues over Expenditures before other Financing Activities	(1,451,808)	(557,958)	-	(716,516)	(2,726,282)
Other Financing Sources (Uses)					
Transfers in	1,000,000	-	-	266,121	1,266,121
Transfers out	(5,000)	-	-	-	(5,000)
Proceeds from bond issuance	-	3,000,000	-	-	3,000,000
Proceeds from sale of fixed assets	26,655	-	-	4,200	30,855
Total Other Financing Sources (Uses)	1,021,655	3,000,000	-	270,321	4,291,976
Net Change in Fund Balance	(430,153)	2,442,042	-	(446,195)	1,565,694
Fund Balance - Beginning of Year	2,438,150	-	-	1,884,660	4,322,810
Fund Balance - End of Year	\$ 2,007,997	\$ 2,442,042	\$ -	\$ 1,438,465	\$ 5,888,504

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, 2016

Net Change in Fund Balance - Governmental Funds \$ 1,565,694

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	1,755,313	
Less: depreciation expense, net of deletions	1,149,784	605,529

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. (46,278)

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 issuance of note	(3,000,000)	
Proceeds from new capital leases	(410,329)	
Amortization of bond premium/discount	12,579	
Repayment of bond principal	605,000	
Repayment of mortgage payable	200,000	
Repayment of capital lease principal	188,639	(2,404,111)

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. (212,639)

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. 2,495

Change in Net Position of Governmental Activities **\$ (489,310)**

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, 2016

GENERAL FUND

	Budgeted Amounts			Variance Final vs. Actual
	Original	Final	Actual	Actual
Revenues				
Taxes	\$ 6,583,676	\$ 6,583,676	\$ 6,597,086	\$ 13,410
Licenses and permits	433,770	433,770	544,675	110,905
Fines and forfeits	282,790	282,790	253,357	(29,433)
Charges for services	990,736	990,736	985,255	(5,481)
Intergovernmental revenue	674,907	674,907	691,401	16,494
Interest, rent, and earnings on investments	8,900	8,900	9,712	812
Miscellaneous	97,310	97,310	245,859	148,549
Total Revenues	9,072,089	9,072,089	9,327,345	255,256
Expenditures				
Department of Public Affairs and Safety	5,525,301	5,525,301	5,326,424	(198,877)
Department of Accounts and Finance	1,939,062	1,939,062	1,800,872	(138,190)
Department of Administrative Development	1,163,727	1,163,727	1,194,940	31,213
Department of Public Works	1,233,501	1,233,501	1,159,596	(73,905)
Department of Parks and Recreation	1,269,908	1,269,908	1,297,321	27,413
Total Expenditures	11,131,499	11,131,499	10,779,153	(352,346)
Excess (Deficiency) of Revenues Over Expenditures	(2,059,410)	(2,059,410)	(1,451,808)	607,602
Other Financing Sources (Uses)				
Transfers in	1,049,410	1,049,410	1,000,000	(49,410)
Transfers out	(5,000)	(5,000)	(5,000)	-
Proceeds from the sale of fixed assets	15,000	15,000	26,655	11,655
Total Other Financing Sources (Uses)	1,059,410	1,059,410	1,021,655	(37,755)
Net Change in Fund Balances	\$ (1,000,000)	\$ (1,000,000)	\$ (430,153)	\$ 569,847

* In 2016, the City budgeted for the use of \$1,000,000 of fund balance accumulated in prior years.

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

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

CITY OF GREENSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2016

2016 GENERAL OBLIGATION NOTE FUND

	Budgeted Amounts			Variance
	Original	Final	Actual	Final vs. Actual
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Interest, rent, and earnings on investments	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	557,958	557,958
Total Expenditures	-	-	557,958	557,958
Excess (Deficiency) of Revenues Over Expenditures	-	-	(557,958)	(557,958)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	-	3,000,000	3,000,000
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	3,000,000	3,000,000
Net Change in Fund Balances	\$ -	\$ -	\$ 2,442,042	\$ 2,442,042

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, 2016

GRANT FUND

	Budgeted Amounts			Variance Final vs. Actual
	Original	Final	Actual	Actual
Revenues				
Intergovernmental revenue	\$ 2,931,304	\$ 2,931,304	\$ 2,756,304	\$ (175,000)
Taxes	-	-	-	-
Interest, rent, and earnings on investments	-	-	-	-
Total Revenues	2,931,304	2,931,304	2,756,304	(175,000)
Expenditures				
Capital Outlay	2,934,751	2,934,751	2,756,304	(178,447)
Total Expenditures	2,934,751	2,934,751	2,756,304	(178,447)
Excess (Deficiency) of Revenues Over Expenditures	(3,447)	(3,447)	-	3,447
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ (3,447)	\$ (3,447)	\$ -	\$ 3,447

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

CITY OF GREENSBURG
Statement of Net Position – Proprietary Funds
December 31, 2016

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Assets			
Current assets			
Cash and cash equivalents	\$ 333,138	\$ 336,649	\$ 669,787
Receivables	10,834	9,449	20,283
Prepays	70,400	-	70,400
Due from General Fund	372	-	372
Total Current Assets	<u>414,744</u>	<u>346,098</u>	<u>760,842</u>
Non-current assets			
Land	936,765	9,460	946,225
Construction in Progress	23,603	8,267	31,870
Buildings and other property and equipment	11,377,301	3,345,077	14,722,378
Less: accumulated depreciation	<u>(5,977,916)</u>	<u>(2,531,228)</u>	<u>(8,509,144)</u>
Total Noncurrent Assets, Net of Depreciation	<u>6,359,753</u>	<u>831,576</u>	<u>7,191,329</u>
 Total Assets	 6,774,497	 1,177,674	 7,952,171
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	12,043	107,887	119,930
Deferred revenue	46,710	6,285	52,995
Due to General Fund	-	372	372
Total Current Liabilities	<u>58,753</u>	<u>114,544</u>	<u>173,297</u>
Long-term liabilities			
Other postemployment benefits liability	<u>46,402</u>	<u>46,402</u>	<u>92,804</u>
 Total Liabilities	 <u>105,155</u>	 <u>160,946</u>	 <u>266,101</u>
Net Position			
Net investment in capital assets	6,336,150	823,309	7,159,459
Unrestricted	333,192	193,419	526,611
Total Net Position	\$ <u><u>6,669,342</u></u>	\$ <u><u>1,016,728</u></u>	\$ <u><u>7,686,070</u></u>
 Total Liabilities and Net Position	 <u><u>6,774,497</u></u>	 \$ <u><u>1,177,674</u></u>	 \$ <u><u>7,952,171</u></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, 2016

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Operating Revenues			
Charges for services	\$ 1,395,209	\$ 449,962	\$ 1,845,171
Other operating revenue	70,476	213	70,689
Total Operating Revenues	<u>1,465,685</u>	<u>450,175</u>	<u>1,915,860</u>
Operating Expenses			
Department of Public Works	275,286	193,920	469,206
Depreciation	433,276	100,162	533,438
Total Operating Expenses	<u>708,562</u>	<u>294,082</u>	<u>1,002,644</u>
Operating Income	757,123	156,093	913,216
Nonoperating Revenues (Expenses)			
Operating transfers out	(1,000,000)	(261,121)	(1,261,121)
Interest, rents, and royalties	125	66	191
Interest expense	(1,479)	(1,304)	(2,783)
Total Nonoperating Expenses	<u>(1,001,354)</u>	<u>(262,359)</u>	<u>(1,263,713)</u>
Change in Net Position	(244,231)	(106,266)	(350,497)
Net Position - Beginning of Year	<u>6,913,573</u>	<u>1,122,994</u>	<u>8,036,567</u>
Net Position - End of Year	<u>\$ 6,669,342</u>	<u>\$ 1,016,728</u>	<u>\$ 7,686,070</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, 2016

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,497,403	\$ 450,374	\$ 1,947,777
Payments to employees	(18,522)	(22,833)	(41,355)
Payments to suppliers	(248,034)	(177,963)	(425,997)
Net cash provided by operating activities	<u>1,230,847</u>	<u>249,578</u>	<u>1,480,425</u>
Cash Flows From Capital and Related Financing Activities			
Construction in progress costs	(23,603)	(8,267)	(31,870)
Principal and interest on capital leases	(28,125)	(24,805)	(52,930)
Net cash used in capital and related financing activities	<u>(51,728)</u>	<u>(33,072)</u>	<u>(84,800)</u>
Cash Flows From Noncapital Financing			
Interfund transfers, noncapital	(1,000,000)	(261,121)	(1,261,121)
Cash Flows From Investing Activities			
Interest, rents, and royalties	<u>125</u>	<u>66</u>	<u>191</u>
Net Decrease in Cash and Cash Equivalents	179,244	(44,549)	134,695
Cash and Cash Equivalents - Beginning of Year	<u>153,894</u>	<u>381,198</u>	<u>535,092</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 333,138</u></u>	<u><u>\$ 336,649</u></u>	<u><u>\$ 669,787</u></u>
Reconciliation of Operating Income to Net Cash			
Provided by operating activities			
Operating income	\$ 757,123	\$ 156,093	\$ 913,216
Adjustments to reconcile operating income to net cash			
provided by operating activities:			
Depreciation	433,276	100,162	533,438
Changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(1,237)	(4,286)	(5,523)
Increase (decrease) in accounts payable and			
other accrued liabilities	2,044	(13,562)	(11,518)
Increase in OPEB liability	6,686	6,686	13,372
Increase (decrease) Deferred revenue	32,955	4,485	37,440
Net cash provided by operating activities	<u><u>\$ 1,230,847</u></u>	<u><u>\$ 249,578</u></u>	<u><u>\$ 1,480,425</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, 2016

			<u>Agency Funds</u>		
	Police Pension Trust Fund	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Payroll Clearing Fund	Special Fund	Total
Assets					
Cash and cash equivalents	\$ -	\$ 61,246	\$ 3,004	\$ 286,328	\$ 350,578
Investments	19,221,704	-	-	-	19,221,704
Other receivables	3,851	-	-	-	3,851
Total Assets	<u>19,225,555</u>	<u>61,246</u>	<u>3,004</u>	<u>286,328</u>	<u>19,576,133</u>
Liabilities					
Due to others	-	-	3,004	286,328	289,332
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,004</u>	<u>286,328</u>	<u>289,332</u>
Net Position					
Net position restricted for pensions	19,225,555	-	-	-	19,225,555
Net position held in trust	-	61,246	-	-	61,246
Total Net Position	<u>\$ 19,225,555</u>	<u>\$ 61,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,286,801</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, 2016

	Police Pension Trust Fund	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Total
Additions			
Contributions			
Commonwealth	\$ 433,090	\$ -	\$ 433,090
Employer	662,897	-	662,897
Employee	103,690	-	103,690
Total Contributions	<u>1,199,677</u>	<u>-</u>	<u>1,199,677</u>
Investment income			
Net appreciation (depreciation) in fair value of investment	819,403	-	819,403
Interest and dividends	378,023	173	378,196
Total investment income	<u>1,197,426</u>	<u>173</u>	<u>1,197,599</u>
Total Additions	<u>2,397,103</u>	<u>173</u>	<u>2,397,276</u>
Deductions			
Benefit payments	1,438,059	-	1,438,059
Administration/other fees	74,266	-	74,266
Total Deductions	<u>1,512,325</u>	<u>-</u>	<u>1,512,325</u>
Change in Net Position	884,778	173	884,951
Net Position - Beginning of Year	<u>18,340,777</u>	<u>61,073</u>	<u>18,401,850</u>
Net Position - End of Year	<u>\$ 19,225,555</u>	<u>\$ 61,246</u>	<u>\$ 19,286,801</u>

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

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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, 2016.

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, 2016

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. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The purpose of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP).

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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 2016 General Obligation Note Fund is a Capital Projects Fund that was created in 2016 when the City obtained a note for various capital projects throughout the City.

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

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition of major capital equipment or construction of major capital projects. Capital Projects Funds utilized to account for those financial activities include: the 2013 General Obligation Bond Fund, the 2005 General Obligation Bond Fund, the Police Equipment Fund, the Fire Department Capital Equipment Fund, and the Hutchinson Garage Reserve Fund.

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

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, 2016

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 2016 General Obligation Note Fund was not budgeted due to the note proceeds and expenditures being unknown at the time of the budget process.

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 stated at fair value, including the investments in the Pension Trust Fund. The City categories its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. 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.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$97,514 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.

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.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: Fund Balance (continued)

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.

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, 2016.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

Upon implementation of GASB 65: *Items Previously Reported as Assets and Liabilities*, the City reports deferred outflows and inflows of resources.

Deferred Outflows of Resources – The City reports a separate section for deferred outflows of resources, in addition to assets in the statement of net position. Deferred outflows of resources represents a consumption of net position by the City that is applicable to a future reporting period. As of December 31, 2016, the City had two deferred outflow of resources related to the police and non-uniform pension plans. The City reported pension contributions between the measurement date and the reporting date as deferred outflows of resources in accordance with GASB 68.

Deferred Inflows of Resources – The City reports a separate section for deferred inflows of resources, in addition to liabilities in the statement of financial position. Deferred inflows of resources represent an acquisition of net position by the City that is applicable to a future reporting period. As of December 31, 2016, the City had two deferred inflow of resources related to the police and non-uniform pension plans. The City reported a deferred inflow of resources resulting from changes in its proportion and differences in projected and actual earnings from the pension plan in accordance with GASB 68.

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 Governmental Accounting Standards Board (GASB) Statements

The City has adopted GASB Statement No. 72, “*Fair Value Measurement and Application*.” This Statement addresses accounting and financial reporting issues related to fair value measurements. As a result of implementation of this Statement, the investment disclosures at Note 2 have been enhanced.

The City adopted GASB Statement No. 77, “*Tax Abatement Disclosures*.” This Statement requires state and local governments for the first time to disclose information about tax abatements, and is designed to provide financial statement users with essential information about these agreements and the impact they have on a government’s finances. The disclosure requirements of this Statement will be effective for the 2017 year due to the City not having any tax abatements in the current year.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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, 2016, \$5,581,385 of the City's bank balance of \$5,835,201 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 \$5,721,130 as of December 31, 2016.

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 \$562,894. 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, 2016:

First Commonwealth	5,831,385	91.13%
PLGIT	563,454	8.81%

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, 2016

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, 2016.

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 \$61,246 is held in a PLGIT account. The entire balance was exposed to custodial credit risk at December 31, 2016.

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 \$294,392 are held in interest bearing accounts at a local bank. The entire balance was not exposed to custodial credit risk at December 31, 2016.

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, 2016, the City had the following investments in its Pension Trust Fund:

Investment Type	Fair Value	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
U.S. Government Treasuries	\$ 1,100,060	\$ 1,100,060	\$ -	\$ -
U.S. Government Agencies	70,444	70,444	-	-
Corporate bonds	1,473,687	1,473,687	-	-
	<u>\$ 2,644,191</u>	<u>\$ 2,644,191</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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	\$ 2,836,170	14%
U.S. Government Treasuries	\$ 1,170,504	6%

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, 2016, 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>
Fixed Income - Corporate Bonds	A1	21%
Fixed Income - Corporate Bonds	A2	13%
Fixed Income - Corporate Bonds	A3	21%
Fixed Income - Corporate Bonds	Aa1	3%
Fixed Income - Corporate Bonds	Aa2	9%
Fixed Income - Corporate Bonds	Aa3	9%
Fixed Income - Corporate Bonds	Aaa	4%
Fixed Income - Corporate Bonds	Baa	2%
Fixed Income - Corporate Bonds	Baa1	11%
Fixed Income - Corporate Bonds	Baa2	3%
Fixed Income - Corporate Bonds	Baa3	4%
Fixed Income - International Fixed Income	A1	63%
Fixed Income - International Fixed Income	Aa2	10%
Fixed Income - International Fixed Income	Aa3	17%
Fixed Income - International Fixed Income	Baa3	9%
Fixed Income - Mortgage Backed Securities	Aaa	82%
Fixed Income - Mortgage Backed Securities	NR	18%
Fixed Income - Other Fixed Income	Aaa	100%
Fixed Income - US Government - Agency	Aaa	85%
Fixed Income - US Government - Agency	NR	15%
Fixed Income - US Government - Treasury	Aaa	83%
Fixed Income - US Government - Treasury	NR	17%
Other Assets - Miscellaneous	NR	100%

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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, 2016.

The following is a list of the City's investments and their related average maturities:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2016			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 1,100,060	\$ 353,237	\$ 435,871	\$ 310,952	\$ -
U.S. Government Agencies	70,444	-	70,444	-	-
Corporate bonds	1,473,687	98,193	909,792	433,900	31,802
Fixed Income Mutual Funds	2,836,170	-	495,326	2,340,844	-
Certificates of deposit	270,817	270,817	-	-	-
Total debt securities	5,751,178	\$ 722,247	\$ 1,911,433	\$ 3,085,696	\$ 31,802
Cash and cash equivalents	986,384				
Common stock	<u>12,484,142</u>				
Total investments reported on the statement of fiduciary net position	\$ <u>19,221,704</u>				

NOTE 3 – ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other in the governmental funds at December 31, 2016 consisted of the following:

Comcast franchise fee	\$ 75,464
Grant Revenue	73,456
Miscellaneous receivables	91,468
	<u>\$ 240,388</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 4 – CAPITAL ASSETS

Primary Government

A summary of changes in capital assets during 2016 are as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 762,126	\$ -	\$ -	\$ -	\$ 762,126
Construction in progress	1,217,042	485,486	-	(1,217,042)	485,486
	<u>1,979,168</u>	<u>485,486</u>	<u>-</u>	<u>(1,217,042)</u>	<u>1,247,612</u>
Capital assets, being depreciated:					
Buildings and improvements	10,991,375	21,071	-	-	11,012,446
Land improvements	1,271,042	-	-	-	1,271,042
Equipment and vehicles	8,701,080	1,115,741	(57,000)	-	9,759,821
Infrastructure	11,611,989	133,015	-	1,217,042	12,962,046
	<u>32,575,486</u>	<u>1,269,827</u>	<u>(57,000)</u>	<u>1,217,042</u>	<u>35,005,355</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,985,565)	(381,796)		-	(6,367,361)
Land improvements	(1,000,241)	(17,181)		-	(1,017,422)
Equipment and vehicles	(6,385,585)	(529,430)	57,000	-	(6,858,015)
Infrastructure	(1,670,051)	(221,377)		-	(1,891,428)
Total Accumulated Depreciation	<u>(15,041,442)</u>	<u>(1,149,784)</u>	<u>57,000</u>	<u>-</u>	<u>(16,134,226)</u>
 Governmental Activities:					
Capital Assets, Net	<u>\$ 19,513,212</u>	<u>\$ 605,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,118,741</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 381,796
Department of Accounting and Finance	17,181
Department of Administration Development	249,012
Department of Public Works	280,418
Department of Parks and Recreation	221,377
	<u>\$ 1,149,784</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 4 – CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 946,225	\$ -	\$ -	\$ -	\$ 946,225
Construction in progress	-	31,870	-	-	31,870
	<u>946,225</u>	<u>31,870</u>	<u>-</u>	<u>-</u>	<u>978,095</u>
Capital assets, being depreciated:					
Buildings and improvements	8,840,057	-	-	-	8,840,057
Land improvements	5,306,506	-	-	-	5,306,506
Equipment and vehicles	538,499	-	-	-	538,499
Infrastructure	37,316	-	-	-	37,316
	<u>14,722,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,722,378</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,214,132)	(245,451)	-	-	(5,459,583)
Land improvements	(2,512,992)	(252,002)	-	-	(2,764,994)
Equipment and vehicles	(246,794)	(35,239)	-	-	(282,033)
Infrastructure	(1,788)	(746)	-	-	(2,534)
Total Accumulated Depreciation	<u>(7,975,706)</u>	<u>(533,438)</u>	<u>-</u>	<u>-</u>	<u>(8,509,144)</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 7,692,897</u>	<u>\$ (501,568)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,191,329</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, 2016 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 1,000,000	\$ 5,000
Parking Revenue	-	1,000,000
Hutchinson Garage	-	261,121
Other Governmental	<u>266,121</u>	<u>-</u>
Total	<u>\$ 1,266,121</u>	<u>\$ 1,266,121</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, 2016

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT

Long-term liability activity for the City for year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Repayment	Ending Balance	Due Within One Year
<i><u>Governmental Activities</u></i>					
General Obligation Bonds	\$ 4,390,000	\$ -	\$ 605,000	\$ 3,785,000	\$ 290,000
General Obligation Note	-	3,000,000	-	3,000,000	300,000
Mortgage payable	200,000	-	200,000	-	-
Capital leases	252,847	410,329	188,639	474,537	176,117
Compensated absences	100,009	-	2,495	97,514	-
Total Face Value of Long-Term Debt	4,942,856	3,410,329	996,134	7,357,051	766,117
 Premiums	12,662	-	12,662	-	-
Discounts	(1,417)	-	(83)	(1,334)	-
 Total Governmental Activities	4,954,101	3,410,329	1,008,713	7,355,717	766,117
<i><u>Business-type Activities</u></i>					
Capital leases	50,147	-	50,147	-	-
Total Business-Type Activities	50,147	-	50,147	-	-
 Total	\$ 5,004,248	\$ 3,410,329	\$ 1,058,860	\$ 7,355,717	\$ 766,117

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, 2016, the amount outstanding relating to the 2011 Bonds was \$2,420,000. 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, 2016, the amount outstanding relating to the 2013 Bonds was \$1,365,000. The 2013 Bonds carry interest rates ranging from .4% to 2.0% and mature in differing amounts through December 2032.

2016 General Obligation Note

On September 9, 2016, the City obtained a general obligation note in the amount of \$3,000,000. The proceeds of the 2016 note are being used to fund various capital projects throughout the City. At December 31, 2016, the amount outstanding relating to the 2016 Note was \$3,000,000. The 2016 Note carries an interest rate of 2.040% and matures in May 2026.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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 payable to the Redevelopment Authority of Westmoreland County was paid in full as of December 31, 2016.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2017	\$ 590,000	\$ 58,922	\$ 648,922
2018	600,000	52,717	652,717
2019	605,000	46,521	651,521
2020	615,000	40,426	655,426
2021	625,000	124,558	749,558
2022-2026	3,140,000	374,073	3,514,073
2027-2031	500,000	93,100	593,100
2032-2036	110,000	4,950	114,950
	<u>\$ 6,785,000</u>	<u>\$ 795,267</u>	<u>\$ 7,580,267</u>

Obligations under Capital Leases

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 was paid in full as of December 31, 2016.

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, 2016 was \$39,006.

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, 2016 was \$9,792.

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, 2016 was \$9,392.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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

Obligations under Capital Leases (continued)

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, 2016 was \$57,914.

In July 2015, the 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, 2016 was \$33,547.

In May 2016, the City entered into a lease agreement for a boom flail mower and ten (10) golf carts at a cost of \$153,284 and \$39,100, respectively, \$192,384 total cost. The lease bears interest at 2.14% and requires annual payments of principal and interest of \$40,436. The lease is secured by the equipment and will mature in 2020. The principal balance remaining at December 31, 2016 was \$152,340.

In September 2016, the City entered into a lease agreement for a small and large dump truck at a cost of \$57,452 and \$160,493, respectively, \$217,945 total cost. The lease bears interest at 2.25% and requires annual payments of principal and interest of \$45,589. The lease is secured by the equipment and will mature in 2020. The principal balance remaining at December 31, 2016 was \$172,546.

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 balance was paid in full as of December 31, 2016.

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

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

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Payments
2017	\$ 176,117	\$ 18,360	\$ 194,477
2018	120,593	12,262	132,855
2019	93,765	7,114	100,879
2020	84,062	2,627	86,689
	\$ 474,537	\$ 40,363	\$ 514,900

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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 2016, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$129,838,560), as follows:

General purposes	15.55 mills
Debt service	9.50 mills

The other taxes levied for 2016 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, 2016

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, 2016, the plan had 63 active members, of which 25 were active employees and 38 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 2016, the City used the Commonwealth allocation of \$433,090 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 2016 were \$103,690, which represents 5% of covered payroll.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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	\$ 22,050,560
Plan fiduciary net position	<u>(19,225,555)</u>
Net pension liability	<u>\$ 2,825,005</u>

Plan fiduciary net position as a percentage of the total pension liability	87.2%
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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, 2016, 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, 2016

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, 2016

NOTE 8 – PENSION PLANS (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/15	\$ 21,497,389	\$ 18,340,777	\$ 3,156,612
Changes for the year:			
Service cost	401,747	-	401,747
Interest	1,589,483	-	1,589,483
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions—employer	-	1,095,987	(1,095,987)
Contributions—employee	-	103,690	(103,690)
Net investment income	-	1,197,426	(1,197,426)
Benefit payments	(1,438,059)	(1,438,059)	-
Administrative expense	-	(74,266)	74,266
Net changes	<u>553,171</u>	<u>884,778</u>	<u>(331,607)</u>
Balances at 12/31/16	<u>\$ 22,050,560</u>	<u>\$ 19,225,555</u>	<u>\$ 2,825,005</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	\$ 5,229,803	\$ 2,825,005	\$ 795,600

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

For the year ended December 31, 2016, the City recognized pension expense of \$1,129,570 related to this Plan.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

NOTE 8 – PENSION PLANS (continued)

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

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to this Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 341,671
Changes of assumptions	371,301	-
Net difference between projected and actual earnings on pension plan investments	960,442	-
Total	<u>\$ 1,331,743</u>	<u>\$ 341,671</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:

Fiscal year ending December 31,	Amount
2017	\$ 327,071
2018	327,071
2019	321,147
2020	14,783
2021	-
Total	<u>\$ 990,072</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, 2016

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	<u>48</u>
Total	<u><u>82</u></u>

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 2016, 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 2016 were \$81,536, 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, 2015, 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, 2016

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, 2016

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, 2015. 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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 12/31/14	\$ 11,630,313	\$ 11,094,335	\$ 535,978
Changes for the year:			
Service cost	236,942	-	236,942
Interest	636,773	-	636,773
Changes of assumptions *	120,729		120,729
Contributions - employer	-	172,943	(172,943)
Contributions - PMRS assessment		1,740	(1,740)
Contributions - employee	-	80,741	(80,741)
PMRS investment income	-	600,105	(600,105)
Market value investment income **	-	(657,853)	657,853
Transfers	-	-	-
Benefit payments	(586,987)	(586,987)	-
PMRS administrative expense	-	(1,740)	1,740
Additional administrative expense	-	(25,017)	25,017
Net changes	407,457	(416,068)	823,525
Balances at 12/31/15	\$ 12,037,770	\$ 10,678,267	\$ 1,359,503

* Assumptions changes reflect the liability impact of the Board of Trustee approved changes as of December 31, 2015

* Reflects the net investment income (loss) of (\$627,957) and the income (loss) due to the difference between expected and actual asset values of (\$29,896), 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, 2016

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:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Total Pension Liability	\$ 13,404,418	\$ 12,037,770	\$ 10,873,050
Plan Fiduciary Net Position	<u>10,678,267</u>	<u>10,678,267</u>	<u>10,678,267</u>
Net Pension Liability	<u>\$ 2,726,151</u>	<u>\$ 1,359,503</u>	<u>\$ 194,783</u>

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

For the year ended December 31, 2016, the City recognized pension expense of \$314,167 related to this Plan. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,728
Changes in assumptions	100,607	
Contributions subsequent to the measurement date	258,220	-
Net difference between projected and actual earnings on pension plan investments	589,906	-
Total	<u>\$ 948,733</u>	<u>\$ 44,728</u>

The City reported \$258,220 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 2017. 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:

Fiscal year ending December 31,	Amount
2017	\$ 161,719
2018	161,719
2019	161,719
2020	140,509
2021	20,119
Total	<u>\$ 645,785</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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 2016, the City contributed \$213,371 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, 2016

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	\$ 337,834	\$ 30,709	\$ 42,512	\$ 411,055
Interest on net OPEB obligation	77,826	7,074	9,793	94,693
Adjustment to annual required contribution	(107,379)	(9,761)	(13,511)	(130,651)
Annual OPEB cost	308,281	28,022	38,794	375,097
Contributions made	175,363	15,941	22,067	213,371
Increase in net OPEB obligation	132,918	12,081	16,727	161,726
Net OPEB obligation beginning of year	1,874,795	205,959	147,357	2,228,111
Net OPEB obligation end of year	\$ 2,007,713	\$ 218,040	\$ 164,084	\$ 2,389,837

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Police:			
December 31, 2016	\$ 308,281	56.9%	\$ 2,007,713
December 31, 2015	300,227	36.9%	1,874,795
December 31, 2014	311,179	25.9%	1,685,296
Non-Uniformed, Non-Union:			
December 31, 2016	\$ 28,022	56.9%	\$ 218,040
December 31, 2015	27,290	36.9%	205,959
December 31, 2014	28,286	25.9%	188,734
Non-Uniformed, Union:			
December 31, 2016	\$ 38,794	56.9%	\$ 164,084
December 31, 2015	37,781	36.9%	147,357
December 31, 2014	39,158	25.9%	123,510

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2016

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, 2016

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, 2016, 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, 2016 totaled \$3,653,636. 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 – SUBSEQUENT EVENTS

The City evaluated its December 31, 2016 financial statements for subsequent events through September 11, 2017, the date the financial statements were available to be issued. During 2017, the City refinanced \$3,645,000 worth of outstanding bond debt and issued an additional \$1,200,000 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, 2016

	<u>12/31/2016</u>	<u>12/31/2015</u>
Total pension liability		
Service cost	\$ 401,747	\$ 445,318
Interest	1,589,483	1,540,737
Differences between expected and actual experience	-	(615,009)
Changes of assumptions	-	668,343
Benefit payments, including refunds of member contributions	<u>(1,438,059)</u>	<u>(1,152,199)</u>
Net change in total pension liability	553,171	887,190
Total pension liability—beginning	<u>21,497,389</u>	<u>20,610,199</u>
Total pension liability—ending (a)	<u><u>\$ 22,050,560</u></u>	<u><u>\$ 21,497,389</u></u>
Plan fiduciary net position		
Contributions - Commonwealth	\$ 433,090	\$ 384,242
Contributions - employer	662,897	823,788
Contributions - member	103,690	109,813
Net investment income	378,023	366,569
Benefit payments, including refunds of member contributions	(1,438,059)	(1,152,199)
Administrative expense	(74,266)	(81,007)
Unrealized gain on investments	<u>819,403</u>	<u>(477,574)</u>
Net change in plan fiduciary net position	884,778	(26,368)
Plan fiduciary net position—beginning	<u>18,340,777</u>	<u>18,367,145</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 19,225,555</u></u>	<u><u>\$ 18,340,777</u></u>
Net pension liability—ending (a) – (b)	<u><u>\$ 2,825,005</u></u>	<u><u>\$ 3,156,612</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 87.2%	 85.3%
 Covered-employee payroll	 \$ 2,408,966	 \$ 2,381,538
 Net pension liability as a percentage of covered-employee payroll	 117.3%	 132.5%

See independent auditor's report.

CITY OF GREENSBURG
Schedule of the City's Contributions and Investment Returns –
Police Pension Plan
December 31, 2016

	<u>2016</u>	<u>2015</u>
Schedule of the City's Contributions		
Actuarially determined contribution	\$ 1,095,987	\$ 1,207,880
Contributions in relation to the actuarially determined contribution	\$ <u>1,095,987</u>	\$ <u>1,208,030</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(150)</u>
Covered-employee payroll	\$ <u>2,408,966</u>	\$ <u>2,536,533</u>
Contributions as a percentage of covered-employee payroll	45.50%	47.63%
Investment Returns		
Annual money-weighted rate of return, net of investment expense	6.84%	-0.86%

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, 2016

	<u>12/31/2015 *</u>	<u>12/31/14</u>
Total pension liability		
Service cost	\$ 236,942	\$ 236,891
Interest	636,773	620,163
Differences between expected and actual experience	-	(67,092)
Changes of assumptions	120,729	-
Benefit payments, including refunds of employee contributions	<u>(586,987)</u>	<u>(391,672)</u>
Net change in total pension liability	407,457	398,290
Total pension liability—beginning	<u>11,630,313</u>	<u>11,232,023</u>
Total pension liability—ending (a)	<u><u>\$ 12,037,770</u></u>	<u><u>\$ 11,630,313</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 172,943	\$ 124,414
Contributions - PMRS assessment	1,740	
Contributions - employee	80,741	78,848
Net investment income	(57,748)	475,558
Benefit payments, including refunds of employee contributions	(586,987)	(391,672)
Administrative expense	(1,740)	(1,760)
Other	<u>(25,017)</u>	<u>(22,304)</u>
Net change in plan fiduciary net position	(416,068)	263,084
Plan fiduciary net position—beginning	<u>11,094,335</u>	<u>10,831,251</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 10,678,267</u></u>	<u><u>\$ 11,094,335</u></u>
Net pension liability—ending (a) – (b)	<u><u>\$ 1,359,503</u></u>	<u><u>\$ 535,978</u></u>
Plan fiduciary net position as a percentage of the total pension liability	88.71%	95.39%
Covered-employee payroll	\$ 2,306,889	\$ 2,386,279
Net pension liability as a percentage of covered-employee payroll	58.93%	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, 2016

	<u>2016</u>	<u>2015</u>
Schedule of the City's Contributions		
Actuarially determined contribution	\$ 176,684	\$ 174,623
Contributions in relation to the actuarially determined contributions	<u>176,684</u>	<u>174,683</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(60)</u>
Covered-employee payroll	\$ 2,329,587	\$ 2,306,889
Contributions as a percentage of covered-employee payroll	7.58%	7.57%

See independent auditor's report.

CITY OF GREENSBURG
Schedule of Funding Progress – Other Postemployment Benefit Plans
December 31, 2016

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, 2016

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, 2016

	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	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	2005 General Obligation Note Fund	2013 General Obligation Note Fund	Debt Service Fund	
Assets											
Cash and cash equivalents	\$ 2,246	\$ 202,137	\$ 23,728	\$ 81,871	\$ 40,287	\$ 17,313	\$ 360,756	\$ 573,344	\$ 7,611	\$ 153,379	\$ 1,462,672
Taxes receivables	-	-	-	-	-	-	-	-	-	42,322	42,322
Other receivables	-	-	-	10,250	-	-	-	-	-	-	10,250
Total Assets	<u>\$ 2,246</u>	<u>\$ 202,137</u>	<u>\$ 23,728</u>	<u>\$ 92,121</u>	<u>\$ 40,287</u>	<u>\$ 17,313</u>	<u>\$ 360,756</u>	<u>\$ 573,344</u>	<u>\$ 7,611</u>	<u>\$ 195,701</u>	<u>\$ 1,515,244</u>
Liabilities											
Accounts payable	\$ -	\$ 35,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400	\$ -	\$ -	\$ 37,152
Deferred revenue	-	-	-	-	-	-	-	-	-	41,263	41,263
Due To / Due From	-	(818)	-	(818)	-	-	-	-	-	-	(1,636)
Total Liabilities	<u>-</u>	<u>34,934</u>	<u>-</u>	<u>(818)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>41,263</u>	<u>76,779</u>
Fund Balance											
Restricted	2,246	167,203	-	-	-	-	-	571,944	7,611	154,438	903,442
Committed	-	-	23,728	92,939	40,287	17,313	360,756	-	-	-	535,023
Total Fund Balance	<u>2,246</u>	<u>167,203</u>	<u>23,728</u>	<u>92,939</u>	<u>40,287</u>	<u>17,313</u>	<u>360,756</u>	<u>571,944</u>	<u>7,611</u>	<u>154,438</u>	<u>1,438,465</u>
Total Liabilities and Fund Balance	<u>\$ 2,246</u>	<u>\$ 202,137</u>	<u>\$ 23,728</u>	<u>\$ 92,121</u>	<u>\$ 40,287</u>	<u>\$ 17,313</u>	<u>\$ 360,756</u>	<u>\$ 573,344</u>	<u>\$ 7,611</u>	<u>\$ 195,701</u>	<u>\$ 1,515,244</u>

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, 2016

	Special Revenues Funds				Capital Projects Funds						Total
	Armstrong Fund	Motor Tax Fund	Greensburg Community Days Fund	St. Clair Park Concert Series Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	2005 General Obligation Note Fund	2013 General Obligation Note Fund	Debt Service Fund	Other Governmental Funds
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 965,519	\$ 965,519
License and permits	-	-	-	-	12,310	-	-	-	-	-	12,310
Charges for service	-	-	59,428	2,800	670	-	-	-	-	-	62,898
Intergovernmental revenue	-	409,006	-	-	100	-	-	3,865	-	-	412,971
Interest, rents, and royalties	-	957	69	12	8	24	984	124	2	123	2,303
Miscellaneous	-	613	17,075	90,605	22,370	-	-	-	-	-	130,663
Total Revenues	-	410,576	76,572	93,417	35,458	24	984	3,989	2	965,642	1,586,664
Expenditures											
Department of Public Affairs and Safety	-	-	-	-	7,256	478	-	-	-	-	7,734
Department of Public Works	-	235,704	-	-	-	-	-	-	-	-	235,704
Department of Parks and Recreation	-	-	123,836	91,846	-	-	-	-	-	-	215,682
Capital outlay	-	212,212	-	-	63,919	532,550	-	93,406	-	-	902,087
Debt service											
Principal	-	-	-	-	-	-	-	-	-	805,000	805,000
Interest	-	-	-	-	-	-	-	-	-	136,973	136,973
Total Expenditures	-	447,916	123,836	91,846	71,175	533,028	-	93,406	-	941,973	2,303,180
Excess (Deficiency) of Revenues Over Expenditures	-	(37,340)	(47,264)	1,571	(35,717)	(533,004)	984	(89,417)	2	23,669	(716,516)
Other Financing Sources (Uses)											
Transfers in	-	-	22,300	5,000	33,450	167,251	38,120	-	-	-	266,121
Proceeds from sale of fixed assets	-	-	-	-	4,200	-	-	-	-	-	4,200
Total Other Financing Sources (Uses)	-	-	22,300	5,000	37,650	167,251	38,120	-	-	-	270,321
Net Change in Fund Balance	-	(37,340)	(24,964)	6,571	1,933	(365,753)	39,104	(89,417)	2	23,669	(446,195)
Beginning Fund Balance	2,246	204,543	48,692	86,368	38,354	383,066	321,652	661,361	7,609	130,769	1,884,660
Ending Fund Balance	\$ 2,246	\$ 167,203	\$ 23,728	\$ 92,939	\$ 40,287	\$ 17,313	\$ 360,756	\$ 571,944	\$ 7,611	\$ 154,438	\$ 1,438,465

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, 2016

Special Revenue Funds

	Armstrong Fund			Motor Tax Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 398,452	\$ 409,006	\$ 10,554
Interest, rents, and royalties	-	-	-	65	957	892
Miscellaneous	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>6,193</u>	<u>613</u>	<u>(5,580)</u>
Total Revenues	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>404,710</u>	<u>410,576</u>	<u>5,866</u>
Expenditures						
Department of Public Affairs and Safety	200	-	200	-	-	-
Department of Public Works	-	-	-	333,483	235,704	97,779
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>212,212</u>	<u>(62,212)</u>
Total Expenditures	<u>200</u>	<u>-</u>	<u>200</u>	<u>483,483</u>	<u>447,916</u>	<u>35,567</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>300</u>	<u>-</u>	<u>(300)</u>	<u>(78,773)</u>	<u>(37,340)</u>	<u>41,433</u>
Net Change in Fund Balance	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ (300)</u>	<u>\$ (78,773)</u>	<u>\$ (37,340)</u>	<u>\$ 41,433</u>

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, 2016

Special Revenue Funds

	Greensburg Community Days Fund			St. Clair Park Concert Series Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Charges for service	\$ 64,100	\$ 59,428	\$ (4,672)	\$ 2,500	\$ 2,800	\$ 300
Interest, rents, and royalties	75	69	(6)	-	12	12
Miscellaneous	<u>43,000</u>	<u>17,075</u>	<u>(25,925)</u>	<u>81,000</u>	<u>90,605</u>	<u>9,605</u>
Total Revenues	<u>107,175</u>	<u>76,572</u>	<u>(30,603)</u>	<u>83,500</u>	<u>93,417</u>	<u>9,917</u>
Expenditures						
Department of Parks and Recreation	<u>122,350</u>	<u>123,836</u>	<u>(1,486)</u>	<u>95,500</u>	<u>91,846</u>	<u>3,654</u>
Total Expenditures	<u>122,350</u>	<u>123,836</u>	<u>(1,486)</u>	<u>95,500</u>	<u>91,846</u>	<u>3,654</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,175)</u>	<u>(47,264)</u>	<u>(32,089)</u>	<u>(12,000)</u>	<u>1,571</u>	<u>13,571</u>
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>22,300</u>	<u>(22,300)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,300</u>	<u>(22,300)</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (15,175)</u>	<u>\$ (24,964)</u>	<u>\$ (9,789)</u>	<u>\$ (7,000)</u>	<u>\$ 6,571</u>	<u>\$ 13,571</u>

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, 2016

Capital Projects Funds

	2013 General Obligation Bonds Fund			Police Equipment Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
License and permits	\$ -	\$ -	\$ -	\$ 13,400	\$ 12,310	\$ (1,090)
Charges for service	-	-	-	300	670	370
Intergovernmental	-	-	-	500	100	(400)
Interest, rents, and royalties	-	2	2	-	8	8
Miscellaneous	-	-	-	-	22,370	22,370
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,370</u>	<u>22,370</u>
Total Revenues	<u>-</u>	<u>2</u>	<u>2</u>	<u>14,200</u>	<u>35,458</u>	<u>21,258</u>
Expenditures						
Department of Public Affairs and Safety	-	-	-	7,300	7,256	44
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	-	-	-	-	-	-
Capital outlay	2,816	-	2,816	80,929	63,919	17,010
Total Expenditures	<u>2,816</u>	<u>-</u>	<u>2,816</u>	<u>88,229</u>	<u>71,175</u>	<u>17,054</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(2,816)</u>	<u>2</u>	<u>2,818</u>	<u>(74,029)</u>	<u>(35,717)</u>	<u>38,312</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	32,405	33,450	(1,045)
Proceeds from sale of assets	-	-	-	-	4,200	(4,200)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,405</u>	<u>37,650</u>	<u>(5,245)</u>
Net Change in Fund Balance	<u>\$ (2,816)</u>	<u>\$ 2</u>	<u>\$ 2,818</u>	<u>\$ (41,624)</u>	<u>\$ 1,933</u>	<u>\$ 43,557</u>

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, 2016

Capital Projects Funds

	Fire Department Capital Equipment Fund			Hutchinson Garage Reserve Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Interest, rents, and royalties	\$ -	\$ 24	\$ 24	\$ 50	\$ 984	\$ 934
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>24</u>	<u>24</u>	<u>50</u>	<u>984</u>	<u>934</u>
Expenditures						
Department of Public Affairs and Safety	-	478	(478)	-	-	-
Capital outlay	614,989	532,550	82,439	-	-	-
Total Expenditures	<u>614,989</u>	<u>533,028</u>	<u>81,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(614,989)</u>	<u>(533,004)</u>	<u>81,985</u>	<u>50</u>	<u>984</u>	<u>934</u>
Other Financing Sources (Uses)						
Transfers in	162,023	167,251	(5,228)	36,928	38,120	(1,192)
Total Other Financing Sources (Uses)	<u>162,023</u>	<u>167,251</u>	<u>(5,228)</u>	<u>36,928</u>	<u>38,120</u>	<u>(1,192)</u>
Net Change in Fund Balance	<u>\$ (452,966)</u>	<u>\$ (365,753)</u>	<u>\$ 87,213</u>	<u>\$ 36,978</u>	<u>\$ 39,104</u>	<u>\$ 2,126</u>

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, 2016

Capital Projects Funds

	2005 General Obligation Bonds Fund		
	Budget	Actual	Variance with
	Original/Final	(Budgetary Basis)	Final Budget
Revenues			
Intergovernmental revenue	\$ 77,064	\$ 3,865	\$ (73,199)
Interest, rents and royalties	75	124	49
Total Revenues	77,139	3,989	(73,150)
Expenditures			
Capital outlays	561,120	93,406	(467,714)
Total Expenditures	561,120	93,406	(467,714)
Excess (Deficiency) of Revenues Over Expenditures	(483,981)	(89,417)	394,564
Net Change in Fund Balances	\$ (483,981)	\$ (89,417)	\$ 394,564

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, 2016

Debt Service Fund				
	Budgeted Amounts		Actual	Variance
	Original	Final		Final vs. Actual
Revenues				
Taxes	\$ 978,854	\$ 978,854	\$ 965,519	\$ (13,335)
Interest, rent, and earnings on investments	-	-	123	123
Total Revenues	978,854	978,854	965,642	(13,212)
Expenditures				
Debt service:				
Principal	933,982	933,982	805,000	(128,982)
Interest	-	-	136,973	136,973
Total Expenditures	933,982	933,982	941,973	7,991
Excess (Deficiency) of Revenues Over Expenditures	44,872	44,872	23,669	(21,203)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ 44,872	\$ 44,872	\$ 23,669	\$ (21,203)

See independent auditor's report.

**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, 2016, 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 11, 2017.

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.

Singer Accounting, PC

Singer Accounting, PC
Ligonier, PA
September 11, 2017