

CITY OF GREENSBURG

General Purpose
Financial Statements

December 31, 2017

CITY OF GREENSBURG

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Government-Wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - 2016 General Obligation Note Fund	18
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Budgetary Basis) - 2017 General Obligation Bond Fund	19
Statement of Net Position - Proprietary Funds.....	20
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds.....	21
Statement of Cash Flows - Proprietary Funds.....	22
Statement of Fiduciary Net Position - Fiduciary Funds.....	23
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	24
Notes to the Financial Statements.....	25 - 56

CITY OF GREENSBURG

Table of Contents

Required Supplementary Information

Pension Plans

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Police Pension Plan	57
Schedule of the City's Contributions and Investment Returns - Police Pension Plan	58
Schedule of the Changes in the City's Net Pension Liability and Related Ratios – Non-uniform Pension Plan	59
Schedule of the City's Contributions – Non-uniform Pension Plan	60

OPEB Plans

Schedule of Funding Progress - Other Postemployment Benefit Plans	61
Postemployment Benefits Other than Pension Benefits (OPEBs) Factors and Trends Used in Actuarial Valuation	62

Supplementary Information

Combining Balance Sheet - Other Governmental Funds	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds	64
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Other Governmental Funds	65 – 71

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 <i>Government Auditing Standards</i>.....	72 - 73
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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, 2017, 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, 2017, 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 10, 2018 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 solely 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 the effectiveness of the City's 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 10, 2018

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2017

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, 2017. 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, 2017.

FINANCIAL HIGHLIGHTS

- The City's net position, as presented, was \$20,680,360 at December 31, 2017, a decrease of \$1,502,867 from 2016.
- At the end of the current year, the City had total bonds and notes outstanding of \$7,510,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$11,272,771. Expenditures amounted to \$14,306,514.
- Operating revenues of the City's business-type activities were \$1,791,822 for 2017 and operating expenses amounted to \$953,734.
- The real estate tax millage rate remained at 25.05 mills for 2017.

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, 2017

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 15 governmental funds during 2017. 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 2017 General Obligation Bond 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 Community Development Grant Fund, the Grant 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, 2017

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 71 of this report.

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2017

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 \$20,680,360 at the close of the year.

A condensed summary of the City's net position at December 31, 2017 and 2016 is as follows.

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Assets			
Current assets	\$ 7,375,500	\$ 7,770,824	\$ (395,324)
Other non-current assets	101,459	25,400	76,059
Capital assets, net	<u>27,371,865</u>	<u>27,310,070</u>	<u>61,795</u>
Total Assets	34,848,824	35,106,294	(257,470)
Deferred Outflows of Resources	3,279,132	2,280,476	998,656
Liabilities			
Current liabilities	1,649,373	1,653,199	(3,826)
Non-current liabilities	<u>14,203,701</u>	<u>13,163,945</u>	<u>1,039,756</u>
Total Liabilities	15,853,074	14,817,144	1,035,930
Deferred Inflows of Resources	<u>1,594,522</u>	<u>386,399</u>	<u>1,208,123</u>
Net Position			
Net investment in capital assets	19,444,329	20,019,997	(575,668)
Restricted	3,483,117	2,619,102	864,015
Unrestricted	<u>(2,247,086)</u>	<u>(455,872)</u>	<u>(1,791,214)</u>
Total Net Position	<u>\$ 20,680,360</u>	<u>\$ 22,183,227</u>	<u>\$ (1,502,867)</u>

The majority of the decrease in current assets and non-current liabilities relates to the 2016 General Obligation Note proceeds that were received in the prior 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, 2017

FINANCIAL ANALYSIS OF THE CITY (continued)

A condensed summary of the City's change in net position for the years ended December 31, 2017 and 2016 for all funds is as follows:

	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 1,470,915	\$ 1,459,783	\$ 1,791,807	\$ 1,845,171	\$ 3,262,722	\$ 3,304,954
Operating grant contributions	1,412,293	3,977,346	-	-	1,412,293	3,977,346
Capital grants and contributions	127,096	135,263	-	-	127,096	135,263
General revenues						
Property taxes	3,092,811	3,017,641	-	-	3,092,811	3,017,641
Earned income tax	3,149,584	3,172,501	-	-	3,149,584	3,172,501
Business privilege tax	412,793	450,992	-	-	412,793	450,992
Local service tax	546,946	540,528	-	-	546,946	540,528
Other taxes	346,704	345,864	-	-	346,704	345,864
Interest, rents, and royalties	18,312	12,016	662	191	18,974	12,207
Franchise fees	303,390	296,522	-	-	303,390	296,522
Gain (loss) on disposal of fixed assets	25,349	30,855	-	-	25,349	30,855
Miscellaneous income	382,859	214,329	15	70,689	382,874	285,018
Internal transfers	1,042,475	1,261,121	(1,042,475)	(1,261,121)	-	-
Total Revenues	12,331,527	14,914,761	750,009	654,930	13,081,536	15,569,691
Program expenses						
Public affairs and safety	6,439,024	8,572,453	-	-	6,439,024	8,572,453
Accounts and finance	2,023,235	1,878,157	-	-	2,023,235	1,878,157
Administrative development	1,511,283	1,452,459	-	-	1,511,283	1,452,459
Public works	1,792,693	1,693,059	-	-	1,792,693	1,693,059
Parks and recreation	1,708,722	1,675,272	-	-	1,708,722	1,675,272
Interest	155,712	132,671	-	-	155,712	132,671
Parking activities	-	-	953,734	1,005,427	953,734	1,005,427
Total Expenses	13,630,669	15,404,071	953,734	1,005,427	14,584,403	16,409,498
Change in Net Position	(1,299,142)	(489,310)	(203,725)	(350,497)	(1,502,867)	(839,807)
Net Position - Beginning of Year	14,497,157	14,986,467	7,686,070	8,036,567	22,183,227	23,023,034
Net Position - End of Year	\$ 13,198,015	\$ 14,497,157	\$ 7,482,345	\$ 7,686,070	\$ 20,680,360	\$ 22,183,227

CITY OF GREENSBURG
Management's Discussion and Analysis
Year Ended December 31, 2017

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 2017, the City's governmental funds reported combined ending fund balances of \$5,218,515. Of this amount, \$1,249,028 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 \$1,249,028 and the *non-spendable fund balance* of the General Fund was \$90,148.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues increased .7% over budgetary estimates, or by \$60,804; expenditures were less than budgetary estimates by \$256,882 or 2.3%. The City budgeted for the use of \$1,000,000 of fund balance accumulated in prior years and actually utilized \$668,221 of the beginning fund balance in the current year. A detailed budgetary comparison statement for the General Fund can be found on page 17 of this report.

DEBT ADMINISTRATION

Long-Term Debt - At the end of the current year, the City had total bonds outstanding of \$4,810,000 (not inclusive of capital leases and the notes payable). The total outstanding bonds increased \$1,025,000 during the current year.

A summary of the City's debt (including capital leases and notes payable) activity in 2017 follows:

Beginning balance, January 1, 2017	\$	7,258,203
Additions		4,975,046
Repayments and amortization of premiums and discounts		<u>(4,313,980)</u>
Ending balance, December 31, 2017	\$	<u><u>7,919,269</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, 2017, the City's Governmental Activities had \$20,697,156 invested in capital assets. The Proprietary Activities had \$6,674,709 invested in capital assets. During 2017, the City purchased total capital assets of \$1,859,017 and placed prior year construction into progress in service in the amount of \$799,062.

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, 2017

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 2017 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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 4,999,214	\$ 1,049,893	\$ 6,049,107
Receivables, net			
Taxes	1,092,804	-	1,092,804
Intergovernmental	(51)	51	-
Other	125,297	18,144	143,441
Prepaid expenses	90,148	-	90,148
Total Current Assets	<u>6,307,412</u>	<u>1,068,088</u>	<u>7,375,500</u>
Noncurrent Assets			
Restricted escrow assets	101,459	-	101,459
Capital assets, not being depreciated	1,425,827	954,492	2,380,319
Capital assets, net of accumulated depreciation	19,271,329	5,720,217	24,991,546
Total Noncurrent Assets	<u>20,798,615</u>	<u>6,674,709</u>	<u>27,473,324</u>
Total Assets	<u>27,106,027</u>	<u>7,742,797</u>	<u>34,848,824</u>
Deferred Outflows of Resources - Pensions	3,158,457	-	3,158,457
Deferred Outflows of Resources - Bond refunding	120,675	-	120,675
Liabilities			
Current Liabilities			
Accounts payable	385,294	116,499	501,793
Accrued interest	17,872	-	17,872
Other accrued liabilities	259,909	10,020	269,929
Unearned revenue	1,551	19,873	21,424
Liabilities payable from restricted assets	101,459	-	101,459
Due within one year	736,896	-	736,896
Total Current Liabilities	<u>1,502,981</u>	<u>146,392</u>	<u>1,649,373</u>
Noncurrent Liabilities			
Other postemployment benefits liability	2,594,734	114,060	2,708,794
Due in more than one year	7,292,790	-	7,292,790
Net pension liability	4,202,117	-	4,202,117
Total Noncurrent Liabilities	<u>14,089,641</u>	<u>114,060</u>	<u>14,203,701</u>
Total Liabilities	<u>15,592,622</u>	<u>260,452</u>	<u>15,853,074</u>
Deferred Inflows of Resources	<u>1,594,522</u>	<u>-</u>	<u>1,594,522</u>
Net Position			
Net investment in capital assets	12,777,887	6,666,442	19,444,329
Restricted for			
Liquid fuels	287,407	-	287,407
Emergency assistance	2,248	-	2,248
Capital projects	2,943,392	-	2,943,392
Debt service	250,070	-	250,070
Unrestricted	<u>(3,062,989)</u>	<u>815,903</u>	<u>(2,247,086)</u>
Total Net Position	<u>\$ 13,198,015</u>	<u>\$ 7,482,345</u>	<u>\$ 20,680,360</u>

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

CITY OF GREENSBURG
Statement of Activities
Year Ended December 31, 2017

	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	\$ 6,439,024	\$ 445,183	\$ 685,213	\$ 6,481	\$ (5,302,147)	\$ -	\$ (5,302,147)
Department of Accounts and Finance	2,023,235	29,173	46,213	-	(1,947,849)	-	(1,947,849)
Department of Administrative Development	1,511,283	108,718	-	120,115	(1,282,450)	-	(1,282,450)
Department of Public Works	1,792,693	29,400	525,090	500	(1,237,703)	-	(1,237,703)
Department of Parks and Recreation	1,708,722	858,441	155,777	-	(694,504)	-	(694,504)
Interest	155,712	-	-	-	(155,712)	-	(155,712)
Total Governmental Activities	13,630,669	1,470,915	1,412,293	127,096	(10,620,365)	-	(10,620,365)
Business-Type Activities							
Parking revenue fund	652,440	1,399,515	-	-	-	747,075	747,075
Hutchinson Garage fund	301,294	392,292	-	-	-	90,998	90,998
Total Business-Type Activities	953,734	1,791,807	-	-	-	838,073	838,073
Total Primary Government	\$ 14,584,403	\$ 3,262,722	\$ 1,412,293	\$ 127,096	(10,620,365)	838,073	(9,782,292)
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,092,811	-	3,092,811
Earned income tax					3,149,584	-	3,149,584
Business privilege tax					412,793	-	412,793
Local service tax					546,946	-	546,946
Other taxes levied for general purposes					346,704	-	346,704
Interest, rents, and royalties					18,312	662	18,974
Franchise fees					303,390	-	303,390
Gain (loss) on disposal of capital assets					25,349	-	25,349
Miscellaneous income					382,859	15	382,874
Internal transfers					1,042,475	(1,042,475)	-
Total General Revenues, Special Items and Transfers					9,321,223	(1,041,798)	8,279,425
Change in Net Position					(1,299,142)	(203,725)	(1,502,867)
Beginning Net Position					14,497,157	7,686,070	22,183,227
Ending Net Position					\$ 13,198,015	\$ 7,482,345	\$ 20,680,360

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

CITY OF GREENSBURG
Balance Sheet – Governmental Funds
December 31, 2017

	General Fund	2016 General Obligation Note Fund	2017 General Obligation Bond Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 927,517	\$ 1,414,880	\$ 1,212,896	\$ 1,545,379	\$ 5,100,672
Receivables					
Taxes (net)	1,057,244	-	-	35,560	1,092,804
Other receivables	125,297	-	-	-	125,297
Prepaid expenses	90,148	-	-	-	90,148
Total Assets	\$ 2,200,206	\$ 1,414,880	\$ 1,212,896	\$ 1,580,939	\$ 6,408,921
Liabilities					
Accounts payable	\$ 156,013	\$ 161,049	\$ -	\$ 68,232	\$ 385,294
Other accrued liabilities	361,367	-	-	-	361,367
Deferred revenue	411,047	-	-	32,647	443,694
Due To / Due From	(67,397)	-	-	67,448	51
Total Liabilities	861,030	161,049	-	168,327	1,190,406
Fund Balance					
Non-spendable - prepaid expenses	90,148	-	-	-	90,148
Restricted					
Emergency assistance	-	-	-	2,248	2,248
Liquid fuels	-	-	-	287,407	287,407
Capital projects	-	1,253,831	1,212,896	476,665	2,943,392
Debt service	-	-	-	250,070	250,070
Committed					
Community event	-	-	-	90,772	90,772
Capital projects	-	-	-	305,450	305,450
Unassigned	1,249,028	-	-	-	1,249,028
Total Fund Balance	1,339,176	1,253,831	1,212,896	1,412,612	5,218,515
Total Liabilities and Fund Balance	\$ 2,200,206	\$ 1,414,880	\$ 1,212,896	\$ 1,580,939	\$ 6,408,921

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, 2017

Total Fund Balance - Governmental Funds	\$ 5,218,515
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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 \$37,949,111 and the accumulated depreciation is \$17,251,955.	20,697,156
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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.	442,143
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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.	(2,594,734)
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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.	(2,638,182)
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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, net		(7,389,325)	
deferred outflow for refunding		(367,712)	
Capital leases obligations		(110,417)	
Compensated absences		(17,872)	
Accrued interest		(7,885,326)	(7,885,326)

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.	(41,557)
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Total Net Position - Governmental Activities	\$ <u><u>13,198,015</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, 2017

	General Fund	2016 General Obligation Note Fund	2017 General Obligation Bond Fund	Other Governmental Funds	Total
Revenues					
Taxes	\$ 6,685,888	\$ -	\$ -	\$ 861,071	\$ 7,546,959
Licenses and permits	553,733	-	-	11,620	565,353
Fines and forfeits	271,081	-	-	-	271,081
Charges for services	988,429	-	-	65,743	1,054,172
Intergovernmental revenue	573,956	-	-	685,763	1,259,719
Interest, rent, and earnings on investments	11,847	-	632	5,833	18,312
Miscellaneous	323,330	-	-	233,845	557,175
Total Revenues	9,408,264	-	632	1,863,875	11,272,771
Expenditures					
Department of Public Affairs and Safety	5,359,233	-	-	176,721	5,535,954
Department of Accounts and Finance	1,887,096	-	56,323	-	1,943,419
Department of Administrative Development	1,117,611	-	-	-	1,117,611
Department of Public Works	1,245,799	-	-	181,784	1,427,583
Department of Parks and Recreation	1,313,386	-	-	218,996	1,532,382
Capital outlay	-	1,188,211	3,000	792,638	1,983,849
Debt service					
Principal	-	-	-	625,000	625,000
Interest	-	-	-	140,716	140,716
Total Expenditures	10,923,125	1,188,211	59,323	2,135,855	14,306,514
Excess (deficiency) of Revenues over Expenditures before other Financing Activities	(1,514,861)	(1,188,211)	(58,691)	(271,980)	(3,033,743)
Other Financing Sources (Uses)					
Transfers in	812,548	-	-	229,927	1,042,475
Transfers out	-	-	-	-	-
Proceeds from bond issuance	-	-	4,887,262	-	4,887,262
Payment to bond escrow agent	-	-	(3,615,675)	-	(3,615,675)
Proceeds from sale of fixed assets	33,492	-	-	16,200	49,692
Total Other Financing Sources (Uses)	846,040	-	1,271,587	246,127	2,363,754
Net Change in Fund Balance	(668,821)	(1,188,211)	1,212,896	(25,853)	(669,989)
Fund Balance - Beginning of Year	2,007,997	2,442,042	-	1,438,465	5,888,504
Fund Balance - End of Year	\$ 1,339,176	\$ 1,253,831	\$ 1,212,896	\$ 1,412,612	\$ 5,218,515

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, 2017

Net Change in Fund Balance - Governmental Funds \$ (669,989)

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	1,859,017	
Less: depreciation expense, net of deletions	<u>1,280,602</u>	578,415

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. (8,822)

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	(4,887,262)	
Refunding of 2011 and 2013 bonds	3,615,675	
Proceeds from new capital leases	(87,784)	
Amortization of bond premium/discount	(630)	
Repayment of bond/note principal	625,000	
Repayment of capital lease principal	<u>194,610</u>	(540,391)

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. (645,452)

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. (12,903)

Change in Net Position of Governmental Activities **\$ (1,299,142)**

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, 2017

GENERAL FUND

	Budgeted Amounts			Variance Final vs. Actual
	Original	Final	Actual	Actual
Revenues				
Taxes	\$ 6,744,370	\$ 6,744,370	\$ 6,685,888	\$ (58,482)
Licenses and permits	528,700	528,700	553,733	25,033
Fines and forfeits	297,500	297,500	271,081	(26,419)
Charges for services	1,003,030	1,003,030	988,429	(14,601)
Intergovernmental revenue	639,600	639,600	573,956	(65,644)
Interest, rent, and earnings on investments	10,800	10,800	11,847	1,047
Miscellaneous	123,460	123,460	323,330	199,870
Total Revenues	<u>9,347,460</u>	<u>9,347,460</u>	<u>9,408,264</u>	<u>60,804</u>
Expenditures				
Department of Public Affairs and Safety	5,567,099	5,567,099	5,359,233	(207,866)
Department of Accounts and Finance	1,901,124	1,901,124	1,887,096	(14,028)
Department of Administrative Development	1,218,245	1,218,245	1,117,611	(100,634)
Department of Public Works	1,199,138	1,199,138	1,245,799	46,661
Department of Parks and Recreation	1,294,401	1,294,401	1,313,386	18,985
Total Expenditures	<u>11,180,007</u>	<u>11,180,007</u>	<u>10,923,125</u>	<u>(256,882)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,832,547)	(1,832,547)	(1,514,861)	317,686
Other Financing Sources (Uses)				
Transfers in	812,548	812,548	812,548	-
Transfers out	(5,000)	(5,000)	-	5,000
Proceeds from the sale of fixed assets	25,000	25,000	33,492	8,492
Total Other Financing Sources (Uses)	<u>832,548</u>	<u>832,548</u>	<u>846,040</u>	<u>13,492</u>
Net Change in Fund Balances	<u>\$ (999,999)</u>	<u>\$ (999,999)</u>	<u>\$ (668,821)</u>	<u>\$ 331,178</u>

* In 2017, 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, 2017

2016 GENERAL OBLIGATION NOTE FUND

	Budgeted Amounts			Variance Final vs. Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Interest, rent, and earnings on investments	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total Revenues	100	100	-	(100)
Expenditures				
Capital outlay	<u>2,250,100</u>	<u>2,250,100</u>	<u>1,188,211</u>	<u>(1,061,889)</u>
Total Expenditures	2,250,100	2,250,100	1,188,211	(1,061,889)
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>(1,188,211)</u>	<u>1,061,789</u>
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	\$ <u><u>(2,250,000)</u></u>	\$ <u><u>(2,250,000)</u></u>	\$ <u><u>(1,188,211)</u></u>	\$ <u><u>1,061,789</u></u>

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

CITY OF GREENSBURG
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Budgetary Basis)
Year Ended December 31, 2017

2017 GENERAL OBLIGATION BOND FUND

	Budgeted Amounts			Variance
	Original	Final	Actual	Final vs. Actual
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Interest, rent, and earnings on investments	-	-	632	632
Total Revenues	-	-	632	632
Expenditures				
Department of accounts and finance	-	-	56,323	56,323
Capital outlay	-	-	3,000	3,000
Total Expenditures	-	-	59,323	59,323
Excess (Deficiency) of Revenues Over Expenditures	-	-	(58,691)	(58,691)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	-	4,887,262	4,887,262
Payment to bond escrow agent	-	-	(3,615,675)	(3,615,675)
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,271,587	1,271,587
Net Change in Fund Balances	\$ -	\$ -	\$ 1,212,896	\$ 1,212,896

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

CITY OF GREENSBURG
Statement of Net Position – Proprietary Funds
December 31, 2017

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Assets			
Current assets			
Cash and cash equivalents	\$ 730,891	\$ 319,002	\$ 1,049,893
Receivables	13,452	4,692	18,144
Due from General Fund	473	-	473
Total Current Assets	<u>744,816</u>	<u>323,694</u>	<u>1,068,510</u>
Non-current assets			
Land	936,765	9,460	946,225
Construction in Progress	-	8,267	8,267
Buildings and other property and equipment	11,400,904	3,345,077	14,745,981
Less: accumulated depreciation	<u>(6,394,375)</u>	<u>(2,631,389)</u>	<u>(9,025,764)</u>
Total Noncurrent Assets, Net of Depreciation	<u>5,943,294</u>	<u>731,415</u>	<u>6,674,709</u>
 Total Assets	 6,688,110	 1,055,109	 7,743,219
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	13,108	113,411	126,519
Deferred revenue	13,633	6,240	19,873
Due to General Fund	-	422	422
Total Current Liabilities	<u>26,741</u>	<u>120,073</u>	<u>146,814</u>
Long-term liabilities			
Other postemployment benefits liability	<u>57,030</u>	<u>57,030</u>	<u>114,060</u>
Total Liabilities	<u>83,771</u>	<u>177,103</u>	<u>260,874</u>
Net Position			
Net investment in capital assets	5,943,294	723,148	6,666,442
Unrestricted	661,045	154,858	815,903
Total Net Position	<u>\$ 6,604,339</u>	<u>\$ 878,006</u>	<u>\$ 7,482,345</u>
Total Liabilities and Net Position	<u>\$ 6,688,110</u>	<u>\$ 1,055,109</u>	<u>\$ 7,743,219</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, 2017

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Operating Revenues			
Charges for services	\$ 1,399,515	\$ 392,292	\$ 1,791,807
Other operating revenue	15	-	15
Total Operating Revenues	<u>1,399,530</u>	<u>392,292</u>	<u>1,791,822</u>
Operating Expenses			
Department of Public Works	235,981	201,133	437,114
Depreciation	416,459	100,161	516,620
Total Operating Expenses	<u>652,440</u>	<u>301,294</u>	<u>953,734</u>
Operating Income	747,090	90,998	838,088
Nonoperating Revenues (Expenses)			
Operating transfers out	(812,548)	(229,927)	(1,042,475)
Interest, rents, and royalties	455	207	662
Interest expense	-	-	-
Total Nonoperating Expenses	<u>(812,093)</u>	<u>(229,720)</u>	<u>(1,041,813)</u>
Change in Net Position	(65,003)	(138,722)	(203,725)
Net Position - Beginning of Year	<u>6,669,342</u>	<u>1,016,728</u>	<u>7,686,070</u>
Net Position - End of Year	<u>\$ 6,604,339</u>	<u>\$ 878,006</u>	<u>\$ 7,482,345</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, 2017

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,434,134	\$ 397,054	\$ 1,831,188
Payments to employees	(21,557)	(23,456)	(45,013)
Payments to suppliers	(202,731)	(161,525)	(364,256)
Net cash provided by operating activities	<u>1,209,846</u>	<u>212,073</u>	<u>1,421,919</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital expenditures	-	-	-
Construction in progress costs	-	-	-
Principal and interest on capital leases	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Noncapital Financing			
Interfund transfers, noncapital	(812,548)	(229,927)	(1,042,475)
Cash Flows From Investing Activities			
Interest, rents, and royalties	<u>455</u>	<u>207</u>	<u>662</u>
Net Decrease in Cash and Cash Equivalents	397,753	(17,647)	380,106
Cash and Cash Equivalents - Beginning of Year	<u>333,138</u>	<u>336,649</u>	<u>669,787</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 730,891</u></u>	<u><u>\$ 319,002</u></u>	<u><u>\$ 1,049,893</u></u>
Reconciliation of Operating Income to Net Cash			
Provided by operating activities			
Operating income	\$ 747,090	\$ 90,998	\$ 838,088
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	416,459	100,161	516,620
Changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(2,719)	4,807	2,088
(Increase) decrease in prepaid	70,400	-	70,400
Increase (decrease) in accounts payable and other accrued liabilities	1,065	5,524	6,589
Increase (decrease) in due to/from			
Increase in OPEB liability	10,628	10,628	21,256
Increase (decrease) Deferred revenue	(33,077)	(45)	(33,122)
Net cash provided by operating activities	<u><u>\$ 1,209,846</u></u>	<u><u>\$ 212,073</u></u>	<u><u>\$ 1,421,919</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, 2017

			<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	\$ -	\$ 46,042	\$ 3,018	\$ 293,712	\$ 342,772
Investments	21,917,705	-	-	-	21,917,705
Other receivables	-	-	-	-	-
Total Assets	<u>21,917,705</u>	<u>46,042</u>	<u>3,018</u>	<u>293,712</u>	<u>22,260,477</u>
Liabilities					
Due to others	-	-	3,018	293,712	296,730
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,018</u>	<u>293,712</u>	<u>296,730</u>
Net Position					
Net position restricted for pensions	21,917,705	-	-	-	21,917,705
Net position held in trust	-	46,042	-	-	46,042
Total Net Position	<u>\$ 21,917,705</u>	<u>\$ 46,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,963,747</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, 2017

	Police Pension Trust Fund	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Total
Additions			
Contributions			
Commonwealth	\$ 435,884	\$ -	\$ 435,884
Employer	606,891	-	606,891
Employee	112,690	-	112,690
Total Contributions	<u>1,155,465</u>	<u>-</u>	<u>1,155,465</u>
Investment income			
Net appreciation (depreciation) in fair value of investment	2,627,220	-	2,627,220
Interest and dividends	422,955	346	423,301
Total investment income	<u>3,050,175</u>	<u>346</u>	<u>3,050,521</u>
Total Additions	<u>4,205,640</u>	<u>346</u>	<u>4,205,986</u>
Deductions			
Benefit payments	1,401,168	-	1,401,168
Refund of member contributions	10,564	-	10,564
Administration/other fees	101,758	15,550	117,308
Total Deductions	<u>1,513,490</u>	<u>15,550</u>	<u>1,529,040</u>
Change in Net Position	2,692,150	(15,204)	2,676,946
Net Position - Beginning of Year	<u>19,225,555</u>	<u>61,246</u>	<u>19,286,801</u>
Net Position - End of Year	<u>\$ 21,917,705</u>	<u>\$ 46,042</u>	<u>\$ 21,963,747</u>

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

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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, 2017.

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, 2017

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, 2017

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 2017 General Obligation Bond Fund is a Capital Projects Fund that was created in 2017 when the City obtained a bond that refunded the 2011 and 2013 bonds and provided capital for various capital projects throughout the City.

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, 2017

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 Community Development Fund accounts for grant funding.

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

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, 2017

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.

The 2017 General Obligation Bond Fund was not budgeted due to the bond 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, 2017

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, 2017

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 \$100,417 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, 2017

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, 2017.
- 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, 2017

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, 2017, 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. As of December 31, 2017, the City also had a deferred outflow of resources, a deferred charge, relating to the bond refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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, 2017, 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balances or changes in fund balance.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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, 2017, \$5,575,102 of the City's bank balance of \$5,825,102 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 \$5,719,418 as of December 31, 2017.

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 \$431,147. 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, 2017:

First Commonwealth	5,825,102	93.10%
PLGIT	431,965	6.90%

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, 2017

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, 2017.

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 \$46,042 is held in a PLGIT account. The entire balance was exposed to custodial credit risk at December 31, 2017.

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 \$296,730 are held in interest bearing accounts at a local bank. The entire balance was not exposed to custodial credit risk at December 31, 2017.

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, 2017, 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	\$ 888,166	\$ 888,166	\$ -	\$ -
U.S. Government Agencies	137,766	137,766	-	-
Corporate bonds	1,592,632	1,592,632	-	-
	<u>\$ 2,618,564</u>	<u>\$ 2,618,564</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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, 2017, the Police Pension Trust Fund investments were rated the following:

Credit Quality Distribution for Securities with Credit Exposure		
Investment Type	Rating	% of Investment Type
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, 2017

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, 2017.

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, 2017			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 888,166	\$ -	\$ 736,256	\$ 151,910	\$ -
U.S. Government Agencies	137,766	-	106,778	30,988	-
Corporate bonds	1,592,632	92,959	1,127,382	360,885	11,406
Fixed Income Mutual Funds	3,237,909	-	3,237,909	-	-
Certificates of Deposit	300,036	300,036			
Total debt securities	6,156,509	\$ 392,995	\$ 5,208,325	\$ 543,783	\$ 11,406
Cash and cash equivalents	621,471				
Common stock	<u>15,139,725</u>				
Total investments reported on the statement of fiduciary net position	<u>\$ 21,917,705</u>				

NOTE 3 – ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other in the governmental funds at December 31, 2017 consisted of the following:

Comcast franchise fee	\$ 74,258
Miscellaneous receivables	<u>51,039</u>
	<u>\$ 125,297</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 4 – CAPITAL ASSETS

Primary Government

A summary of changes in capital assets during 2017 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	485,486	953,674	-	(775,459)	663,701
	<u>1,247,612</u>	<u>953,674</u>	<u>-</u>	<u>(775,459)</u>	<u>1,425,827</u>
Capital assets, being depreciated:					
Buildings and improvements	11,012,446	432,230	-	775,459	12,220,135
Land improvements	1,271,042	-	-	-	1,271,042
Equipment and vehicles	9,759,821	190,185	(162,873)	-	9,787,133
Infrastructure	12,962,046	282,928	-	-	13,244,974
	<u>35,005,355</u>	<u>905,343</u>	<u>(162,873)</u>	<u>775,459</u>	<u>36,523,284</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,367,361)	(361,343)	-	-	(6,728,704)
Land improvements	(1,017,422)	(29,732)	-	-	(1,047,154)
Equipment and vehicles	(6,858,015)	(505,065)	138,530	-	(7,224,550)
Infrastructure	(1,891,428)	(360,119)	-	-	(2,251,547)
Total Accumulated Depreciation	<u>(16,134,226)</u>	<u>(1,256,259)</u>	<u>138,530</u>	<u>-</u>	<u>(17,251,955)</u>
Governmental Activities:					
Capital Assets, Net	<u>\$ 20,118,741</u>	<u>\$ 602,758</u>	<u>\$ (24,343)</u>	<u>\$ -</u>	<u>\$ 20,697,156</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 409,893
Department of Accounting and Finance	33,289
Department of Administration Development	249,960
Department of Public Works	329,061
Department of Parks and Recreation	234,056
	<u>\$ 1,256,259</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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	-	-	(23,603)	8,267
	<u>978,095</u>	<u>-</u>	<u>-</u>	<u>(23,603)</u>	<u>954,492</u>
Capital assets, being depreciated:					
Buildings and improvements	8,840,057	-	-	23,603	8,863,660
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>23,603</u>	<u>14,745,981</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,473,733)	(231,544)	-	-	(5,705,277)
Land improvements	(2,750,844)	(249,091)	-	-	(2,999,935)
Equipment and vehicles	(282,033)	(35,238)	-	-	(317,271)
Infrastructure	(2,534)	(747)	-	-	(3,281)
Total Accumulated Depreciation	<u>(8,509,144)</u>	<u>(516,620)</u>	<u>-</u>	<u>-</u>	<u>(9,025,764)</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 7,191,329</u>	<u>\$ (516,620)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,674,709</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, 2017 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 812,548	\$ -
Parking Revenue	-	812,548
Hutchinson Garage	-	229,927
Other Governmental	<u>229,927</u>	<u>-</u>
Total	<u>\$ 1,042,475</u>	<u>\$ 1,042,475</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, 2017

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT

Long-term liability activity for the City for year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Repayment	Ending Balance	Due Within One Year
<i><u>Governmental Activities</u></i>					
General Obligation Bonds	\$ 3,785,000	\$ 4,845,000	\$ 3,820,000	\$ 4,810,000	\$ 300,000
General Obligation Note	3,000,000	-	300,000	2,700,000	300,000
Capital leases	474,537	87,784	194,610	367,711	136,896
Compensated absences	97,514	12,903	-	110,417	-
Total Face Value of Long-Term Debt	<u>7,357,051</u>	<u>4,945,687</u>	<u>4,314,610</u>	<u>7,988,128</u>	<u>736,896</u>
Premiums	-	42,262	704	41,558	-
Discounts	<u>(1,334)</u>	<u>-</u>	<u>(1,334)</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>7,355,717</u>	<u>4,987,949</u>	<u>4,313,980</u>	<u>8,029,686</u>	<u>736,896</u>
<i><u>Business-type Activities</u></i>					
Capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,355,717</u>	<u>\$ 4,987,949</u>	<u>\$ 4,313,980</u>	<u>\$ 8,029,686</u>	<u>\$ 736,896</u>

General Obligation Bonds

2011 Bonds

On October 4, 2011, the City issued General Obligation Bonds, Refunding Series of 2011 (2011 Bonds) in the amount of \$7,405,000. The proceeds of the 2011 Bonds were used for a current refunding of the outstanding General Obligation Bonds, Series of 2001, General Obligation Bond, Series of 2003, and General Obligation Note, Series of 2005. The 2011 Bonds carry interest rates ranging from 1.25% to 3.50% and mature through 2026. During September 2017, the 2011 bonds were refunded with the issuance of the 2017 General Obligation Bonds.

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. The 2013 Bonds carry interest rates ranging from .4% to 2.0% and mature in differing amounts through December 2032. During September 2017, the 2013 bonds were refunded with the issuance of the 2017 General Obligation Bonds.

2017 Bonds

On September 29, 2017, the City issued General Obligation Bonds, Series of 2017 in the amount of \$4,845,000. The proceeds of the 2017 Bonds were used to refund the 2011 and 2013 bond issuances and to fund various capital projects. The 2017 Bonds carry interest rates ranging from 1.5% to 2.0% and mature in differing amounts through December 2032. The principal balance remaining at December 31, 2017 was \$4,810,000.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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

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, 2017, the amount outstanding relating to the 2016 Note was \$2,700,000. The 2016 Note carries an interest rate of 2.040% and matures in May 2026.

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

Year Ending December 31,	Principal	Interest	Total Payments
2018	\$ 600,000	\$ 166,717	\$ 766,717
2019	610,000	154,512	764,512
2020	625,000	143,776	768,776
2021	640,000	124,452	764,452
2022	660,000	104,647	764,647
2023-2027	3,495,000	329,339	3,824,339
2028-2032	880,000	60,300	940,300
	<u>\$ 7,510,000</u>	<u>\$ 1,083,743</u>	<u>\$ 8,593,743</u>

Obligations under Capital Leases

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 was paid in full as of December 31, 2017.

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 was paid in full as of December 31, 2017.

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 was paid in full as of December 31, 2017.

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, 2017 was \$29,236.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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

Obligations under Capital Leases (continued)

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, 2017 was \$22,838.

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, 2017 was \$115,773.

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, 2017 was \$130,837.

In May 2017, the City entered into a lease agreement for a dump truck and truckster at a cost of \$58,193 and \$29,591, respectively, \$87,784 total cost. The lease bears interest at 3.42% and requires annual payments of principal and interest of \$18,757. The lease is secured by the equipment and will mature in 2021. The principal balance remaining at December 31, 2017 was \$69,027.

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

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

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2018	\$ 136,896	\$ 9,617	\$ 146,513
2019	110,730	6,109	116,839
2020	101,947	3,186	105,133
2021	18,138	620	18,758
	<u>\$ 367,711</u>	<u>\$ 19,532</u>	<u>\$ 387,243</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

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 2017, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$129,711,190), as follows:

General purposes	15.55 mills
Debt service	9.50 mills

The other taxes levied for 2017 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 – TAX ABATEMENTS

The City enters into tax abatement agreements with local businesses under the Local Economic Revitalization Tax Abatement Program (LERTA). Under the Program, the City may grant property tax abatements by “freezing” property taxes at the predevelopment level for five years and then increasing by 20% each year after that until the full taxable value is reached by year eleven. To be eligible for a LERTA, the value of the commercial building renovations, site improvements or new construction must be reviewed by the City, County, and School District. Prior to final approval. As of December 31, 2017, the City abated one property that exceeded 10% of the total amount abated. A 90% property tax abatement for new housing for college students amounted to \$7,631.

NOTE 9 – PENSION PLANS

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

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 9 – 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, 2017, the plan had 65 active members, of which 27 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 2017, the City used the Commonwealth allocation of \$435,884 for its Police Plan. The remaining \$662,897 of MMO was paid by the General Fund. In addition, employee contributions to the Police Plan for 2017 were \$112,690, which represents 5% of covered payroll.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 9 – PENSION PLANS (continued)

Police Plan Contributions and Funding Policy (continued)

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

Participants

As of January 1, 2017, the date of the most recent actuarial valuation, participants in the Police Plan were as follows:

Participants:	
Active	27
In payment status:	
Retirement benefits	23
Disability benefits	1
Survivor benefits	<u>9</u>
Total	59

Net Pension Liability (NPL)

Total pension liability	\$ 24,527,091
Plan fiduciary net position	<u>(21,917,705)</u>
Net pension liability	<u>\$ 2,609,386</u>

Plan fiduciary net position as a percentage of the total pension liability	89.4%
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Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward to the measurement date of December 31, 2017, using the following significant actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Inflation	2.75%
Salary increases	4.75% including inflation
Mortality	RP-2014 Combined Healthy Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward 5 years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 9 – PENSION PLANS (continued)

Net Pension Liability (NPL) (continued)

Expected long-term
rate of return

7.25%, 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 classes. 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, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real ROR
Equities	6.3%
Fixed Income	2.0%
Cash and Cash Equivalents	0.0%

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. 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, 2017

NOTE 9 – 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 12/31/16	\$ 22,050,560	\$ 19,225,555	\$ 2,825,005
Changes for the year:			
Service cost	526,255	-	526,255
Interest	1,706,559	-	1,706,559
Changes of benefit terms	-	-	-
Differences between expected and actual experience	586,793	-	586,793
Changes of assumptions	1,068,656	-	1,068,656
Contributions—employer	-	1,042,775	(1,042,775)
Contributions—employee	-	112,690	(112,690)
Net investment income	-	3,050,175	(3,050,175)
Benefit payments and refunds of employee contributions	(1,411,732)	(1,411,732)	-
Administrative expense	-	(101,758)	101,758
Net changes	2,476,531	2,692,150	(215,619)
Balances at 12/31/17	\$ 24,527,091	\$ 21,917,705	\$ 2,609,386

Notes of Schedule:

Assumption Changes: Inflation lowered from 3.0% to 2.75%; interest rate lowered from 7.5% to 7.25%; salary increase rate lowered from 5.0% to 4.75%; mortality assumption updated from RP-2000 Combined Healthy mortality with Blue Collar adj. and 75% Scale AA to RP-2014 mortality Blue Collar adj. and mortality improvement based on the Social Security Administration's 2015 Demographic Assumptions; disability assumption updated from 60% of the rates from Advanced Pension Tables to rates based on the Social Security Administration's 2010 projections of disability incidence; retirement assumption updated from age 52 with 20 years of service to rates of retirement based on age and service.

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 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25 %)	Current Rate (7.25 %)	1% Increase (8.25 %)
Net pension liability	\$ 5,327,672	\$ 2,609,386	\$ 333,064

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 9 – PENSION PLANS (continued)

Payables to the Pension Plan

As of December 31, 2017, the City did not owe anything to the Plan.

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

For the year ended December 31, 2017, the City recognized pension expense of \$1,042,775 related to this Plan.

At December 31, 2017, 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	\$ 467,039	\$ 205,002
Changes of assumptions	1,073,343	-
Net difference between projected and actual earnings on pension plan investments	645,223	1,355,974
Total	<u>\$ 2,185,605</u>	<u>\$ 1,560,976</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:

<u>Fiscal year ending December 31,</u>	<u>Amount</u>
2018	\$ 325,924
2019	320,000
2020	13,636
2021	(34,931)
2022	-
Total	<u>\$ 624,629</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, 2017

NOTE 9 – PENSION PLANS (continued)

Employees Covered by Benefit Terms

The following table contains the number of active employees, inactive employees entitled to but not yet receiving benefits, and inactive employees or beneficiaries currently receiving benefits from the Plan based upon the most recent actuarial valuation date of January 1, 2017.

<u>Participants</u>	<u>Count</u>
Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>46</u>
Total	<u><u>83</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 2017, the MMO for the Non-Uniformed Plan was \$199,124, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2017 were \$80,502, which represents 3.5% of covered payroll.

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

Net Pension Liability

The City's net pension liability related to the PMRS Plan was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 9 – PENSION PLANS (continued)

Actuarial Assumptions – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	5.25% compounded annually, net of expenses	
	Total Rate (%) *	
Salary Increase	Age	(including inflation)
	25	7.05%
	30	5.44%
	35	4.55%
	40	4.26%
	45	3.97%
	50	3.72%
	55	3.44%
	60	3.28%
	65	2.80%
	* 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	3.3% per annum	
Inflation	2.8% 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, 2017 valuation were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 as well as subsequent Board approved assumption changes. These assumptions were first used for the December 31, 2015 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

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, 2017

NOTE 9 – 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	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 12/31/15	\$ 12,037,770	\$ 10,678,267	\$ 1,359,503
Changes for the year:			
Service cost	206,393	-	206,393
Interest	660,801	-	660,801
Changes of benefits	-	-	-
Changes of assumptions *	341,666	-	341,666
Differences between expected and actual experience	74,768	-	74,768
Contributions - employer	-	174,964	(174,964)
Contributions - PMRS assessment	-	1,820	(1,820)
Contributions - employee	-	81,493	(81,493)
PMRS investment income	-	627,678	(627,678)
Market value investment income **	-	196,916	(196,916)
Transfers	-	-	-
Benefit payments	(465,410)	(465,410)	-
PMRS administrative expense	-	(1,720)	1,720
Additional administrative expense	-	(30,751)	30,751
Net changes	818,218	584,990	233,228
Balances at 12/31/16	\$ 12,855,988	\$ 11,263,257	\$ 1,592,731

* Assumptions changes reflect the liability impact of the Board of Trustee approved changes as of December 31, 2016

* Reflects the net investment income (loss) of \$251,314 and the income (loss) due to the difference between expected and actual asset values of (\$54,398), 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, 2017

NOTE 9 – 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 (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Total Pension Liability	\$ 14,371,643	\$ 12,855,988	\$ 11,568,365
Plan Fiduciary Net Position	<u>11,263,257</u>	<u>11,263,257</u>	<u>11,263,257</u>
Net Pension Liability	<u>\$ 3,108,386</u>	<u>\$ 1,592,731</u>	<u>\$ 305,108</u>

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

For the year ended December 31, 2017, the City recognized pension expense of \$314,167 related to this Plan. At December 31, 2017, 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	\$ 59,814	\$ 33,546
Changes in assumptions	353,818	-
Contributions subsequent to the measurement date	279,626	-
Net difference between projected and actual earnings on pension plan investments	279,594	-
Total	<u>\$ 972,852</u>	<u>\$ 33,546</u>

The City reported \$279,626 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	\$ 205,623
2018	205,623
2019	184,413
2020	64,021
2021	-
Total	<u>\$ 659,680</u>

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 10 – 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.

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 2017, the City contributed \$228,451 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, 2017

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

	Police	Non-Uniformed, Non-Union	Non-Uniformed, Union	Total
Annual required contribution	\$ 496,873	\$ 30,374	\$ 52,632	\$ 579,879
Interest on net OPEB obligation	87,029	5,320	9,219	101,568
Adjustment to annual required contribution	(114,853)	(7,021)	(12,165)	(134,039)
Annual OPEB cost	469,049	28,673	49,686	547,408
Contributions made	195,750	11,966	20,735	228,451
Increase in net OPEB obligation	273,299	16,707	28,951	318,957
Net OPEB obligation beginning of year	2,007,713	218,040	164,084	2,389,837
Net OPEB obligation end of year	\$ 2,281,012	\$ 234,747	\$ 193,035	\$ 2,708,794

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Police:			
December 31, 2017	\$ 469,049	41.7%	\$ 2,281,012
December 31, 2016	308,281	56.9%	2,007,713
December 31, 2015	300,227	36.9%	1,874,795
Non-Uniformed, Non-Union:			
December 31, 2017	\$ 28,673	41.7%	\$ 234,747
December 31, 2016	28,022	56.9%	218,040
December 31, 2015	27,290	36.9%	205,959
Non-Uniformed, Union:			
December 31, 2017	\$ 49,686	41.7%	\$ 193,035
December 31, 2016	38,794	56.9%	164,084
December 31, 2015	37,781	36.9%	147,357

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the OPEB Plan is unfunded. The actuarial accrued liability for benefits was \$5,722,501, and the OPEB Plan had no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,722,501. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$5,461,687, and the ratio of the UAAL to the covered payroll was 77 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	1/1/2017
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	3.75% per year (unfunded OPEB Plan)
Health care inflation rate	Medical/Rx: 5.0% per year Dental and Vision: 2017: 0% ; 2018 and later: 3.0% per year

CITY OF GREENSBURG
Notes to the Financial Statements
Year Ended December 31, 2017

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The City does not contribute to the plan or match employees' contributions. Participation in the plan is optional. The funds are not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2017, 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, 2017 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 12 – CONTINGENCIES

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

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

NOTE 13 – SUBSEQUENT EVENTS

The City evaluated its December 31, 2017 financial statements for subsequent events through September 10, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBURG
Schedule of Changes in the City's Net Pension Liability and Related Ratios –
Police Pension Plan
December 31, 2017

Total pension liability	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Service cost	\$ 526,255	\$ 401,747	\$ 445,318	\$ 381,942
Interest	1,706,559	1,589,483	1,540,737	1,563,561
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	586,793	-	(615,009)	-
Changes of assumptions	1,068,656	-	668,343	-
Benefit payments, including refunds of member contributions	(1,411,732)	(1,438,059)	(1,152,199)	(976,940)
Net change in total pension liability	2,476,531	553,171	887,190	968,563
Total pension liability—beginning	22,050,560	21,497,389	20,610,199	19,641,636
Total pension liability—ending (a)	\$ 24,527,091	\$ 22,050,560	\$ 21,497,389	\$ 20,610,199
Plan fiduciary net position				
Contributions - employer	\$ 1,042,775	\$ 1,095,987	\$ 1,208,030	\$ 1,033,746
Contributions - employee	112,690	103,690	109,813	107,749
Net investment income	3,050,175	1,257,193	(154,968)	1,146,823
Benefit payments, including refunds of member contributions	(1,411,732)	(1,438,059)	(1,152,199)	(976,940)
Administrative expense	(101,758)	(74,266)	(86,829)	(91,717)
Other	-	-	-	-
Net change in plan fiduciary net position	2,692,150	944,545	(76,153)	1,219,661
Plan fiduciary net position—beginning	19,225,555	18,281,010	18,357,163	17,137,502
Plan fiduciary net position—ending (b)	\$ 21,917,705	\$ 19,225,555	\$ 18,281,010	\$ 18,357,163
Net pension liability—ending (a) – (b)	\$ 2,609,386	\$ 2,825,005	\$ 3,216,379	\$ 2,253,036
Plan fiduciary net position as a percentage of the total pension liability	89.4%	87.2%	85.0%	89.1%
Covered-employee payroll	\$ 2,599,916	\$ 2,408,966	\$ 2,381,538	\$ 2,536,533
Net pension liability as a percentage of covered-employee payroll	100.4%	117.3%	135.1%	88.8%

See independent auditor's report.

CITY OF GREENSBURG
Schedule of the City's Contributions and Investment Returns –
Police Pension Plan
December 31, 2017

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
2008	\$ 711,005	\$ 717,556	\$ (6,551)	\$ 2,101,055	34.2%
2009	\$ 681,757	\$ 688,581	\$ (6,824)	\$	
2010	\$ 598,799	\$ 605,557	\$ (6,758)	\$ 2,315,469	26.2%
2011	\$ 771,535	\$ 673,375	\$ 98,160	\$	
2012	\$ 770,466	\$ 670,148	\$ 100,318	\$ 2,421,432	27.7%
2013	\$ 947,036	\$ 953,884	\$ (6,848)	\$	
2014	\$ 1,033,596	\$ 1,033,746	\$ (150)	\$ 2,536,533	40.8%
2015	\$ 1,207,880	\$ 1,208,030	\$ (150)	\$ 2,381,538	50.7%
2016	\$ 1,095,987	\$ 1,095,987	\$ -	\$ 2,408,966	45.5%
2017	\$ 1,042,775	\$ 1,042,775	\$ -	\$ 2,599,916	40.1%

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 rates 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.

Annual money-weighted rate of return, net of investment expense not funded through the MMO.

2017	16.34%
2016	6.84% * *
2015	-0.86% *
2014	6.80% *
2013	20.23% *

* Provided by C.S. McKee

** Provided by PFM Asset Management

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, 2017

	<u>12/31/2016 *</u>	<u>12/31/2015 *</u>	<u>12/31/14</u>
Total pension liability			
Service cost	\$ 206,393	\$ 236,942	\$ 236,891
Interest	660,801	636,773	620,163
Changes in benefit terms	-	-	-
Differences between expected and actual experience	74,768	-	(67,092)
Changes of assumptions	341,666	120,729	-
Benefit payments, including refunds of employee contributions	<u>(465,410)</u>	<u>(586,987)</u>	<u>(391,672)</u>
Net change in total pension liability	818,218	407,457	398,290
Total pension liability—beginning	<u>12,037,770</u>	<u>11,630,313</u>	<u>11,232,023</u>
Total pension liability—ending (a)	<u>\$ 12,855,988</u>	<u>\$ 12,037,770</u>	<u>\$ 11,630,313</u>
Plan fiduciary net position			
Contributions - employer	\$ 174,964	\$ 172,943	\$ 124,414
Contributions - PMRS assessment	1,820	1,740	-
Contributions - employee	81,493	80,741	78,848
PMRS investment income	627,678	600,105	581,598
Market value investment income	196,916	(657,853)	(106,040)
Benefit payments, including refunds of employee contributions	(465,410)	(586,987)	(391,672)
Administrative expense	(1,720)	(1,740)	(1,760)
Other	<u>(30,751)</u>	<u>(25,017)</u>	<u>(22,304)</u>
Net change in plan fiduciary net position	584,990	(416,068)	263,084
Plan fiduciary net position—beginning	<u>10,678,267</u>	<u>11,094,335</u>	<u>10,831,251</u>
Plan fiduciary net position—ending (b)	<u>\$ 11,263,257</u>	<u>\$ 10,678,267</u>	<u>\$ 11,094,335</u>
Net pension liability—ending (a) – (b)	<u>\$ 1,592,731</u>	<u>\$ 1,359,503</u>	<u>\$ 535,978</u>
Plan fiduciary net position as a percentage of the total pension liability	87.61%	88.71%	95.39%
Covered-employee payroll	\$ 2,328,354	\$ 2,306,889	\$ 2,386,279
Net pension liability as a percentage of covered-employee payroll	68.41%	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, 2017

	<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	\$ 2,328,354	\$ 2,306,889
Contributions as a percentage of covered-employee payroll	7.59%	7.57%

See independent auditor's report.

CITY OF GREENSBURG
Schedule of Funding Progress – Other Postemployment Benefit Plans
December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)
1/1/2017	\$ -	\$ 5,722,501	\$ 5,722,501	0.0%
1/1/2014	-	4,181,826	4,181,826	0.0%
1/1/2011	-	3,361,947	3,361,947	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, 2017

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	1/1/2017
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	3.75% per year (unfunded OPEB Plan)
Health care inflation rate	Medical/Rx: 5.0% per year Dental and Vision: 2017: 0% ; 2018 and later: 3.0% per year

See independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF GREENSBURG
Combining Balance Sheet
Other Governmental Funds
December 31, 2017

	Special Revenues Funds						Capital Projects Funds					Debt Service Fund	Total Other Governmental Funds
	Armstrong Fund	Motor Tax Fund	Greensburg Community Days Fund	St. Clair Park Concert Series Fund	Community Development Grant Fund	Grant Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	2005 General Obligation Note Fund	2013 General Obligation Note Fund		
Assets													
Cash and cash equivalents	\$ 2,248	\$ 317,019	\$ 13,398	\$ 76,556	\$ -	\$ -	\$ 61,776	\$ 88,622	\$ 114,127	\$ 624,476	\$ -	\$ 247,157	\$ 1,545,379
Taxes receivables	-	-	-	-	-	-	-	-	-	-	-	35,560	35,560
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,248</u>	<u>\$ 317,019</u>	<u>\$ 13,398</u>	<u>\$ 76,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,776</u>	<u>\$ 88,622</u>	<u>\$ 114,127</u>	<u>\$ 624,476</u>	<u>\$ -</u>	<u>\$ 282,717</u>	<u>\$ 1,580,939</u>
Liabilities													
Accounts payable	\$ -	\$ 31,123	\$ -	\$ -	\$ 6,799	\$ -	\$ -	\$ -	\$ 30,310	\$ -	\$ -	\$ -	\$ 68,232
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	32,647	32,647
Due To / Due From	-	(1,511)	-	(818)	69,777	-	-	(71,235)	-	71,235	-	-	67,448
Total Liabilities	<u>-</u>	<u>29,612</u>	<u>-</u>	<u>(818)</u>	<u>76,576</u>	<u>-</u>	<u>-</u>	<u>(71,235)</u>	<u>30,310</u>	<u>71,235</u>	<u>-</u>	<u>32,647</u>	<u>168,327</u>
Fund Balance													
Restricted	2,248	287,407	-	-	(76,576)	-	-	-	-	553,241	-	250,070	1,016,390
Committed	-	-	13,398	77,374	-	-	61,776	159,857	83,817	-	-	-	396,222
Total Fund Balance	<u>2,248</u>	<u>287,407</u>	<u>13,398</u>	<u>77,374</u>	<u>(76,576)</u>	<u>-</u>	<u>61,776</u>	<u>159,857</u>	<u>83,817</u>	<u>553,241</u>	<u>-</u>	<u>250,070</u>	<u>1,412,612</u>
Total Liabilities and Fund Balance	<u>\$ 2,248</u>	<u>\$ 317,019</u>	<u>\$ 13,398</u>	<u>\$ 76,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,776</u>	<u>\$ 88,622</u>	<u>\$ 114,127</u>	<u>\$ 624,476</u>	<u>\$ -</u>	<u>\$ 282,717</u>	<u>\$ 1,580,939</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, 2017

	Special Revenues Funds						Capital Projects Funds					Debt	Total
	Armstrong	Motor Tax	Greensburg	St. Clair	Community		Police	Fire Department	Hutchinson	2005 General	2013 General	Service	Other
	Fund	Fund	Community	Park Concert	Development	Grant	Equipment	Capital	Garage	Obligation	Obligation	Fund	Governmental
	Fund	Fund	Days Fund	Series Fund	Grant Fund	Fund	Fund	Equipment Fund	Reserve Fund	Note Fund	Note Fund	Fund	Funds
Revenues													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,071	\$ 861,071
License and permits	-	-	-	-	-	-	11,620	-	-	-	-	-	11,620
Charges for service	-	-	63,543	2,000	-	-	200	-	-	-	-	-	65,743
Intergovernmental revenue	-	428,001	-	-	-	175,000	82,762	-	-	-	-	-	685,763
Interest, rents, and royalties	2	2,714	45	50	-	-	45	96	2,231	373	-	277	5,833
Miscellaneous	-	2,454	16,650	91,177	120,115	2,949	500	-	-	-	-	-	233,845
Total Revenues	2	433,169	80,238	93,227	120,115	177,949	95,127	96	2,231	373	-	861,348	1,863,875
Expenditures													
Department of Public Affairs and Safety	-	-	-	-	-	177,949	(1,228)	-	-	-	-	-	176,721
Department of Public Works	-	181,691	-	-	-	-	-	-	93	-	-	-	181,784
Department of Parks and Recreation	-	-	110,204	108,792	-	-	-	-	-	-	-	-	218,996
Capital outlay	-	131,274	-	-	196,691	-	120,520	4,823	312,643	19,076	7,611	-	792,638
Debt service													
Principal	-	-	-	-	-	-	-	-	-	-	-	625,000	625,000
Interest	-	-	-	-	-	-	-	-	-	-	-	140,716	140,716
Total Expenditures	-	312,965	110,204	108,792	196,691	177,949	119,292	4,823	312,736	19,076	7,611	765,716	2,135,855
Excess (Deficiency) of Revenues													
Over Expenditures	2	120,204	(29,966)	(15,565)	(76,576)	-	(24,165)	(4,727)	(310,505)	(18,703)	(7,611)	95,632	(271,980)
Other Financing Sources (Uses)													
Transfers in	-	-	19,636	-	-	-	29,454	147,271	33,566	-	-	-	229,927
Proceeds from sale of fixed assets	-	-	-	-	-	-	16,200	-	-	-	-	-	16,200
Total Other Financing Sources (Uses)	-	-	19,636	-	-	-	45,654	147,271	33,566	-	-	-	246,127
Net Change in Fund Balance	2	120,204	(10,330)	(15,565)	(76,576)	-	21,489	142,544	(276,939)	(18,703)	(7,611)	95,632	(25,853)
Beginning 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
Ending Fund Balance	\$ 2,248	\$ 287,407	\$ 13,398	\$ 77,374	\$ (76,576)	\$ -	\$ 61,776	\$ 159,857	\$ 83,817	\$ 553,241	\$ -	\$ 250,070	\$ 1,412,612

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, 2017

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	\$ -	\$ -	\$ -	\$ 419,021	\$ 428,001	\$ 8,980
Interest, rents, and royalties	-	2	2	780	2,714	1,934
Miscellaneous	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>2,454</u>	<u>2,454</u>
Total Revenues	<u>500</u>	<u>2</u>	<u>(498)</u>	<u>419,801</u>	<u>433,169</u>	<u>13,368</u>
Expenditures						
Department of Public Affairs and Safety	200	-	200	-	-	-
Department of Public Works	-	-	-	348,402	181,691	166,711
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>131,274</u>	<u>43,726</u>
Total Expenditures	<u>200</u>	<u>-</u>	<u>200</u>	<u>523,402</u>	<u>312,965</u>	<u>210,437</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>300</u>	<u>2</u>	<u>(298)</u>	<u>(103,601)</u>	<u>120,204</u>	<u>223,805</u>
Net Change in Fund Balance	<u>\$ 300</u>	<u>\$ 2</u>	<u>\$ (298)</u>	<u>\$ (103,601)</u>	<u>\$ 120,204</u>	<u>\$ 223,805</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, 2017

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	\$ 63,543	\$ (557)	\$ 2,800	\$ 2,000	\$ (800)
Interest, rents, and royalties	75	45	(30)	-	50	50
Miscellaneous	<u>43,000</u>	<u>16,650</u>	<u>(26,350)</u>	<u>84,500</u>	<u>91,177</u>	<u>6,677</u>
Total Revenues	<u>107,175</u>	<u>80,238</u>	<u>(26,937)</u>	<u>87,300</u>	<u>93,227</u>	<u>5,927</u>
Expenditures						
Department of Parks and Recreation	<u>122,350</u>	<u>110,204</u>	<u>12,146</u>	<u>97,000</u>	<u>108,792</u>	<u>(11,792)</u>
Total Expenditures	<u>122,350</u>	<u>110,204</u>	<u>12,146</u>	<u>97,000</u>	<u>108,792</u>	<u>(11,792)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,175)</u>	<u>(29,966)</u>	<u>(14,791)</u>	<u>(9,700)</u>	<u>(15,565)</u>	<u>(5,865)</u>
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>19,636</u>	<u>(19,636)</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>19,636</u>	<u>(19,636)</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	<u>\$ (15,175)</u>	<u>\$ (10,330)</u>	<u>\$ 4,845</u>	<u>\$ (4,700)</u>	<u>\$ (15,565)</u>	<u>\$ (10,865)</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, 2017

Special Revenue Funds

	Grant Fund			Community Development Grant Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues						
Charges for service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rents, and royalties	-	-	-	-	-	-
Intergovernmental revenue	<u>2,858</u>	<u>177,949</u>	<u>175,091</u>	<u>547,458</u>	<u>120,115</u>	<u>(427,343)</u>
Total Revenues	<u>2,858</u>	<u>177,949</u>	<u>175,091</u>	<u>547,458</u>	<u>120,115</u>	<u>(427,343)</u>
Expenditures						
Capital Outlay	-	-	-	547,458	196,691	350,767
Department of Public Affairs and Safety	<u>2,858</u>	<u>177,949</u>	<u>(175,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,858</u>	<u>177,949</u>	<u>(175,091)</u>	<u>547,458</u>	<u>196,691</u>	<u>350,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,576)</u>	<u>(76,576)</u>
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,576)</u>	<u>\$ (76,576)</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, 2017

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	\$ -	\$ -	\$ -	\$ 13,000	\$ 11,620	\$ (1,380)
Charges for service	-	-	-	500	200	(300)
Intergovernmental	-	-	-	500	82,762	82,262
Interest, rents, and royalties	1	-	(1)	-	45	45
Miscellaneous	-	-	-	-	500	500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
 Total Revenues	 <u>1</u>	 <u>-</u>	 <u>(1)</u>	 <u>14,000</u>	 <u>95,127</u>	 <u>81,127</u>
Expenditures						
Department of Public Affairs and Safety	-	-	-	-	(1,228)	1,228
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	-	-	-	-	-	-
Capital outlay	<u>2,816</u>	<u>7,611</u>	<u>(4,795)</u>	<u>81,465</u>	<u>120,520</u>	<u>(39,055)</u>
Total Expenditures	<u>2,816</u>	<u>7,611</u>	<u>(4,795)</u>	<u>81,465</u>	<u>119,292</u>	<u>(37,827)</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(2,815)</u>	<u>(7,611)</u>	<u>(4,796)</u>	<u>(67,465)</u>	<u>(24,165)</u>	<u>43,300</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	33,907	29,454	(4,453)
Proceeds from sale of assets	-	-	-	22,000	16,200	(5,800)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,907</u>	<u>45,654</u>	<u>(10,253)</u>
Net Change in Fund Balance	\$ <u>(2,815)</u>	\$ <u>(7,611)</u>	\$ <u>(4,796)</u>	\$ <u>(11,558)</u>	\$ <u>21,489</u>	\$ <u>53,553</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, 2017

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	\$ -	\$ 96	\$ 96	\$ 50	\$ 2,231	\$ 2,181
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>96</u>	<u>96</u>	<u>50</u>	<u>2,231</u>	<u>2,181</u>
Expenditures						
Department of Public Works	-	-	-	-	93	(93)
Capital outlay	<u>71,235</u>	<u>4,823</u>	<u>66,412</u>	<u>340,308</u>	<u>312,643</u>	<u>27,665</u>
Total Expenditures	<u>71,235</u>	<u>4,823</u>	<u>66,412</u>	<u>340,308</u>	<u>312,736</u>	<u>27,572</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(71,235)</u>	<u>(4,727)</u>	<u>66,508</u>	<u>(340,258)</u>	<u>(310,505)</u>	<u>29,753</u>
Other Financing Sources (Uses)						
Transfers in	<u>169,533</u>	<u>147,271</u>	<u>(22,262)</u>	<u>38,640</u>	<u>33,566</u>	<u>(5,074)</u>
Total Other Financing Sources (Uses)	<u>169,533</u>	<u>147,271</u>	<u>(22,262)</u>	<u>38,640</u>	<u>33,566</u>	<u>(5,074)</u>
Net Change in Fund Balance	<u>\$ 98,298</u>	<u>\$ 142,544</u>	<u>\$ 88,770</u>	<u>\$ (301,618)</u>	<u>\$ (276,939)</u>	<u>\$ 34,827</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, 2017

Capital Projects Funds

	2005 General Obligation Bonds Fund		
	Budget	Actual	Variance with
	Original/Final	(Budgetary Basis)	Final Budget
Revenues			
Intergovernmental revenue	\$ -	\$ -	\$ -
Interest, rents and royalties	115	373	258
Total Revenues	115	373	258
Expenditures			
Capital outlays	530,000	19,076	(510,924)
Total Expenditures	530,000	19,076	(510,924)
Excess (Deficiency) of Revenues Over Expenditures	(529,885)	(18,703)	511,182
Net Change in Fund Balances	\$ (529,885)	\$ (18,703)	\$ 511,182

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, 2017

Debt Service Fund				
	Budgeted Amounts		Actual	Variance
	Original	Final		Final vs. Actual
Revenues				
Taxes	\$ 859,895	\$ 859,895	\$ 861,071	\$ 1,176
Interest, rent, and earnings on investments	<u>100</u>	<u>100</u>	<u>277</u>	<u>177</u>
Total Revenues	859,995	859,995	861,348	1,353
Expenditures				
Debt service:				
Principal	767,733	767,733	625,000	142,733
Interest	<u>-</u>	<u>-</u>	<u>140,716</u>	<u>(140,716)</u>
Total Expenditures	<u>767,733</u>	<u>767,733</u>	<u>765,716</u>	<u>2,017</u>
Excess (Deficiency) of Revenues Over Expenditures	92,262	92,262	95,632	(664)
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	\$ <u><u>92,262</u></u>	\$ <u><u>92,262</u></u>	\$ <u><u>95,632</u></u>	\$ <u><u>(664)</u></u>

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**

To: City Council,
City of Greensburg, PA

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, 2017, 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 10, 2018.

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 10, 2018