

BOROUGH OF FERNDALE

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 8: Liquid Fuels Tax

Revenue recorded within the Liquid Fuels special revenue fund is received annually by virtue of the Commonwealth of Pennsylvania Liquid Fuels Tax Act and expenditures are restricted to certain appropriations for highway purposes as approved by the Pennsylvania Department of Transportation. Revenues not spent in the current year are available for carryover to the succeeding year.

Note 9: Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental funds and as nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Amounts not repaid by year end are reported as interfund receivables and payables on the fund financial statements.

The following is a summary of interfund receivables and payables at December 31, 2014:

	<u>Receivables</u>	<u>Payables</u>
General fund	\$ -	\$ 39,171
Liquid fuels fund	6,223	-
Recreation fund	26,974	-
Proprietary fund	<u>5,974</u>	<u>-</u>
Total	<u>\$ 39,171</u>	<u>\$ 39,171</u>

The interfund payable for the general fund and receivable for the proprietary fund represent sewer maintenance revenues collected by the general fund. The interfund payable for the general fund and receivable for the liquid fuels fund represents the amount paid for street lighting paid by the liquid fuels fund and the amount due from the general fund for rent of equipment. The interfund payable for the general fund and receivable for the recreation fund represents the amount collected in 2012 and 2014 in connection with the 1.50 mills of real estate taxes levied for recreation not transferred to the recreation fund net the amount payable to the general fund for salaries and benefits.

Note 10: Contingent Liabilities

Due to the nature of its activities, the Borough is at various times engaged in legal proceedings which arise in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, the Borough is of the opinion that their outcome will not have a significant effect on the Borough's financial statements.

In the normal course of operations, the Borough participates in various state grant or loan programs from year to year. The grant and loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

BOROUGH OF FERNDALE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 11: New Accounting Pronouncements

GASB 67, Financial Reporting for Pension Plans - an amendment of GASB 25

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The implementation of this statement has no effect on the Borough's financial statements. The Borough's pension plans implemented GASB 67 in each of their separate financial reports.

GASB 68, Accounting and Financial Reporting for Pensions - an amendment of GASB 27

The primary objective of this Statement is to improve accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan member.

This Statement is effective for fiscal years beginning after June 15, 2014. The Borough has not determined the impact that Statement 68 will have on the financial statements.

BOROUGH OF FERNDALE
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

BOROUGH OF FERNDALE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET TO ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 323,626	\$ 323,626	\$ 313,586	\$ (10,040)
Intergovernmental	32,160	32,160	75,728	43,568
Charges for services	214,575	214,575	155,545	(59,030)
Fines and forfeitures	7,200	7,200	19,251	12,051
Licenses and permits	21,500	21,500	23,592	2,092
Interest, rents and royalties	35	35	211	176
Miscellaneous	8,360	8,360	3,499	(4,861)
Total revenues	607,456	607,456	591,412	(16,044)
Expenditures				
General government	143,060	143,060	93,422	49,638
Public safety	171,171	171,171	208,860	(37,689)
Public works:				
Highways, roads and streets	84,609	84,609	174,381	(89,772)
Sanitation	152,733	152,733	127,406	25,327
Other public works	2,975	2,975	3,064	(89)
Culture and recreation	5,000	5,000	5,765	(765)
Employee benefits	20,751	20,751	20,751	-
Total expenditures	580,299	580,299	633,649	(53,350)
Excess (deficiency) of revenues over expenditures	27,157	27,157	(42,237)	(69,394)
Other financing sources (uses):				
Interfund transfers in (out)	(27,157)	(27,157)	(811)	(19,756)
Total other financing sources (uses)	(27,157)	(27,157)	(811)	(19,756)
Net change in fund balances	\$ -	\$ -	\$ (43,048)	\$ (89,150)

See Notes to Financial Statements

BOROUGH OF FERNDALE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET TO ACTUAL**

LIQUID FUELS FUND

For the Year Ended December 31, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 32,225	\$ 32,225	\$ 36,072	\$ 3,847
Interest, rents and royalties	14	14	10	(4)
Miscellaneous	-	-	800	800
Total revenues	<u>32,239</u>	<u>32,239</u>	<u>36,882</u>	<u>4,643</u>
Expenditures				
Public works:				
Highways, roads and streets	<u>32,239</u>	<u>32,239</u>	<u>50,193</u>	<u>(17,954)</u>
Total expenditures	<u>32,239</u>	<u>32,239</u>	<u>50,193</u>	<u>(17,954)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,311)</u>	<u>\$ (13,311)</u>

BOROUGH OF FERNDALE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET TO ACTUAL
RECREATION FUND**

For the Year Ended December 31, 2014

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 16,236	\$ 16,236	\$ 16,253	\$ 17
Interest, rents and royalties	4	4	2	(2)
Miscellaneous	300	300	139	(161)
Total revenues	<u>16,540</u>	<u>16,540</u>	<u>16,394</u>	<u>(146)</u>
Expenditures				
Culture and recreation	<u>16,540</u>	<u>16,540</u>	<u>11,382</u>	<u>5,158</u>
Total expenditures	<u>16,540</u>	<u>16,540</u>	<u>11,382</u>	<u>5,158</u>
Excess (deficiency) of revenues over expenditures	-	-	5,012	5,012
Other financing sources (uses):				
Interfund transfers in (out)	<u>-</u>	<u>-</u>	<u>1,237</u>	<u>1,237</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,237</u>	<u>1,237</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,249</u>	<u>\$ 6,249</u>