

TOWNSHIP OF PINE
WEXFORD, PENNSYLVANIA
DECEMBER 31, 2014

AUDIT REPORT

TOWNSHIP OF PINE
WEXFORD, PENNSYLVANIA
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Township of Pine
230 Pearce Mill Road
Wexford, Pennsylvania 15090

We have audited the accompanying financial statements of the governmental activities of the Township of Pine, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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. 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.

Basis for Qualification

The financial statements of the Deferred Compensation and the Municipal Employees Pension Plan were not audited and we were not engaged to audit these statements as part of the Township's basic financial statements. See Note 1 for further information.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualification paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Township of Pine, as of December 31, 2014, and the respective changes in financial position 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 the management's discussion and analysis and budgetary comparison information on pages i-xiii and 9 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 Township of Pine's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

COTTRILL, ARBUTINA & ASSOCIATES, P.C.

Certified Public Accountants

Cottrill, Arbutina & Associates, P.C.

Beaver, PA 15009

April 14, 2015

TOWNSHIP OF PINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

Required Supplementary Information (RSI)

The management of the Township of Pine, Allegheny County, Pennsylvania, intends to provide the readers of the following financial statements with a narrative overview of the Township's financial performance through the discussion and analysis of its overall financial activities for the year ended December 31, 2014. Please read it in conjunction with the Township's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Township's assets exceeded its liabilities by \$42,586,631 (net position) at December 31, 2014.
- Unrestricted net position totaled \$11,850,110 as of December 31, 2014, which can be used to meet the government's ongoing obligations to its citizens.
- The fund balance (in the Fund Financial Statements) of all governmental funds was \$12,937,030 as of December 31, 2014. Of this total, \$1,216,891 was Restricted for the Transportation Impact Fund, \$29 was restricted for special revenue funds (Highway Aid Fund), \$6,382,170 was committed for various projects, \$3,708,475 was assigned for various projects, \$14,405 was considered "unspendable" because it was comprised of prepaid expenses ("unspendable" because it will not turn into cash) and the remaining \$1,615,060 was unassigned.
- The fund balance in the General Fund was \$5,337,940 at December 31, 2014. This represents an increase of \$1,258,139 in the fund balance of the General Fund compared to the prior year's increase of \$232,160.
- The Township's real estate tax rate remained constant at a rate of 0.998 mills (\$0.998 per \$1,000 of assessed value) in 2014. This rate is the lowest in Allegheny County. The maximum allowed per the Second Class Township Code is 14 mills for general purposes.
- During 2006, the Township borrowed \$10 million under its General Obligation Note, Series 2006, for the purpose of providing the funds necessary for certain capital improvements of the Township, including, but not limited to, the Township of Pine Community Center, the purchase of capital equipment for the Township, and to pay certain costs associated with the issuance of the note. During 2010, the Township refunded the 2006 Note with the 2010 General Obligation Notes, Series A and B. During 2011, the Township paid the Series B in full. In 2014, the Township made a principal payment of \$1,822,000 on the Series A Notes, including an advance payment of \$1,577,000. As of December 31, 2014, the Township had paid the Series A Note in full.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

USING THE ANNUAL FINANCIAL AUDIT REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 and 4) provide information about the activities of the Township as a whole and presents a longer-term view of the Township's finances. Fund financial statements start on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

Reporting the Township as a Whole

Our analysis of the Township of Pine as a whole begins on page 3. One of the most important questions to ask about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's *net position* and changes in them. You can think of the Township's net position—the difference between assets and liabilities—as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Township's property tax base and the condition of the Township's roads, to assess the *overall health* of the Township.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page viii. The fund financial statements begin on page 5 and provide detailed information about the most significant funds—not the Township as a whole. The Board of Supervisors may establish funds to help it control and manage money for particular purposes (like a Capital Project or Impact Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Pennsylvania Department of Transportation relating to liquid fuels). All of the Township's funds are considered *governmental funds*. The Township currently has no *proprietary funds* (i.e. funds established to account for situations where the Township charges customers for the services it provides and the fees charged for these services are designed to cover all costs of providing the services.) The Township has opted to account for all Community Center revenue and direct expenses as a department within the General Fund.

Governmental funds — All of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are unassigned, assigned, restricted or committed. These classifications of fund balance

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

show the nature and extent of constraints placed on the Township's fund balances by law, creditors, the Board of Supervisors, and the Township's annually adopted budget. Note 2, Item 7 provides a further explanation of these classifications of fund balance. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* via reconciliations on pages 6 and 8.

The Township as Trustee

The Township is the trustee, or *fiduciary*, for its Deferred Compensation and Municipal Employees' Pension Funds. It is responsible for the assets of these pension plans that—because of a trust arrangement—can be used only for the plans' beneficiaries. The Township's fiduciary activities for the Deferred Compensation and Municipal Employees' Pension Funds are not included in the scope of this audit and these funds are not included in this report because they were outside of the audit scope of this report. The Municipal Employees' Pension Fund is audited by the Auditor General's Office of the Commonwealth of Pennsylvania and the audit reports are available for review at the Township's office.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position compared to the prior year.

Years ended December 31, 2014 and 2013
Net Position

	Governmental Activities	
	2014	2013
Current and other assets	\$ 13,991,738	\$ 15,649,830
Capital assets	29,519,601	30,024,385
Total assets	<u>\$ 43,511,339</u>	<u>\$ 45,674,215</u>
Current and other liabilities	\$ 924,708	\$ 1,111,714
Notes Payable	0	1,577,000
Total liabilities	<u>\$ 924,708</u>	<u>\$ 2,688,714</u>
Net Position:		
Net Investment in Capital Assets	\$ 29,519,601	\$ 28,202,385
Restricted	1,216,920	1,782,620
Unrestricted	11,850,110	13,000,496
Total net position	<u>\$ 42,586,631</u>	<u>\$ 42,985,501</u>
Total Liabilities and Net Position	<u>\$ 43,511,339</u>	<u>\$ 45,674,215</u>

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

At December 31, 2014, the Township's total assets were \$43,511,339. Of this amount, \$29,519,601 is accounted for by capital assets, which includes infrastructure and construction in progress related to municipal park projects. Total assets as of December 31, 2013 were \$45,674,215.

Historically, infrastructure assets (roads, bridges, storm sewers, etc.) were not reported or depreciated in governmental financial statements. However, GASB 34 required all capital assets, including infrastructure assets, to be valued and reported within the governmental activities column of the government-wide financial statements. Prospective reporting of infrastructure assets is allowed under GASB 34 for smaller municipalities. The Township of Pine elected to report on infrastructure on a prospective basis and began doing so in 2004.

Total liabilities decreased in 2014 by \$1,764,006 compared to the prior year. The decrease is primarily due to the Township paying off their General Obligation Bond for the Community Center in the amount of \$1,822,000.

As noted above, most of the Township's net position is invested in capital assets (buildings, land, infrastructure and equipment). The remaining net assets are comprised of restricted and unrestricted amounts. The restricted balance represents amounts generated for specific purpose funds (State Liquid Fuels monies). Fund balances reported in the Capital Project Fund, Transportation Impact Fund, Recreation Fund and the Water District Fund represent amounts that have been earmarked by Township management for future projects within these funds. Unassigned balances reported in the General Fund are available to meet the ordinary operating needs of the Township.

The results of this year's operations as a whole are reported in the *Statement of Activities* on Page 4. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented in the next three columns to determine the final amount of the Township's activities that are supported by other general revenues. The largest general revenues are the local taxes assessed to Township taxpayers.

The Township's total net position decreased by \$398,870 in 2014 compared with an increase of \$2,317,884 in 2013. The information below from the *Statement of Activities* is rearranged slightly so that you can see our total revenues and expenses for the year compared to the prior year.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

Years ended December 31, 2014 and 2013

Statement of Activities

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
REVENUES		
Program revenues:		
Charges for services	\$ 983,452	\$ 918,057
Operating grants and contributions	664,143	608,010
Capital grants and contributions	897,005	290,498
General revenues:		
Property taxes	1,664,205	1,598,915
Other taxes	7,425,085	7,804,493
Special assessments for impact fees	611,149	289,600
Licenses and Permits	342,861	368,958
Fines and Forfeits	20,761	19,162
Interest and Rents	69,770	74,559
Gain (Loss) on disposal of fixed assets	28,728	0
Refund of prior year's Expenses/(Revenues)	(195,801)	(243,438)
Other revenue	16,187	10,655
TOTAL REVENUES	<u>\$ 12,527,545</u>	<u>\$ 11,739,469</u>
EXPENSES		
General Government	\$ 1,175,197	\$ 1,287,074
Public Safety	5,508,596	2,650,959
Public Works - Sanitation	102,503	51,557
Public Works - Highways	4,703,226	3,886,565
Culture - Recreation	1,398,948	1,387,320
Interest	37,945	158,110
TOTAL EXPENSES	<u>\$ 12,926,415</u>	<u>\$ 9,421,585</u>
Change in Net Position	\$ (398,870)	\$ 2,317,884
Net Position - Beginning	42,985,501	38,955,251
Prior Period Adjustment	0	1,712,366
Net Position - Ending	<u>\$ 42,586,631</u>	<u>\$ 42,985,501</u>

Revenue Sources:

Total government-wide revenues of \$12,527,545 were approximately 6.7% higher than 2013 revenues of \$11,739,469.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

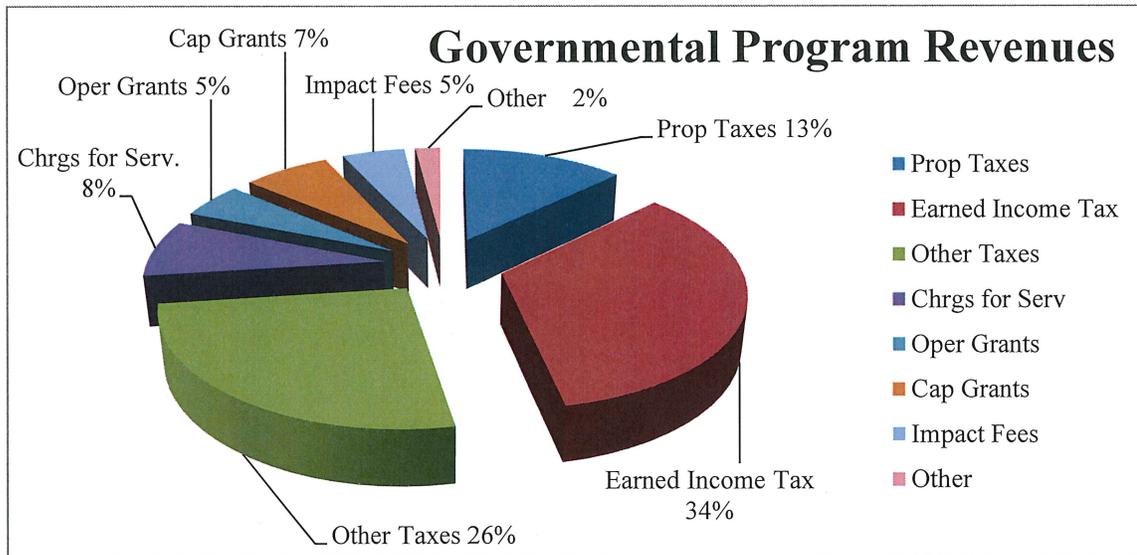
The Township's revenues continue to be derived primarily from taxes. In 2014, the Township of Pine collected \$9,089,290 in taxes compared to \$9,403,408 in 2013. Tax revenues account for 73% of total revenues in 2014. Of the taxes levied, the earned income taxes and real estate taxes are the most significant. In 2014, earned income taxes accounted for \$4,239,999 or 47% of the taxes collected for general government purposes compared to \$4,212,241 in 2013.

Real estate tax accounted for \$1,664,205 or 18% of the taxes levied for general government purposes compared to \$1,598,915 in 2013. The real estate tax is levied on the assessed value of real estate located in the Township. In both 2014 and 2013, a 0.998 mills tax (0.0998%) was levied for total governmental purposes.

The Township levies a Real Estate Transfer Tax of 1% of the value of the real estate sold and these taxes accounted for \$1,299,374 or 13% of the Township's total tax revenue, compared to \$1,737,432 in 2013. This is mostly attributable to the number of occupancy permits issued for new residential and commercial properties located in the Township.

Capital Grants and Contributions generated \$897,005 in revenues for the Township. This was an increase of \$606,507 from the 2013 revenues of \$290,498. The increase in revenues was attributable to the developer fees associated with newly approved residential and commercial development and the acceptance of existing roadways by the Township as capital contributions in accordance with open developer agreements.

The following chart graphically depicts the government-wide sources of governmental activities revenue for the fiscal year ended December 31, 2014:



TOWNSHIP OF PINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

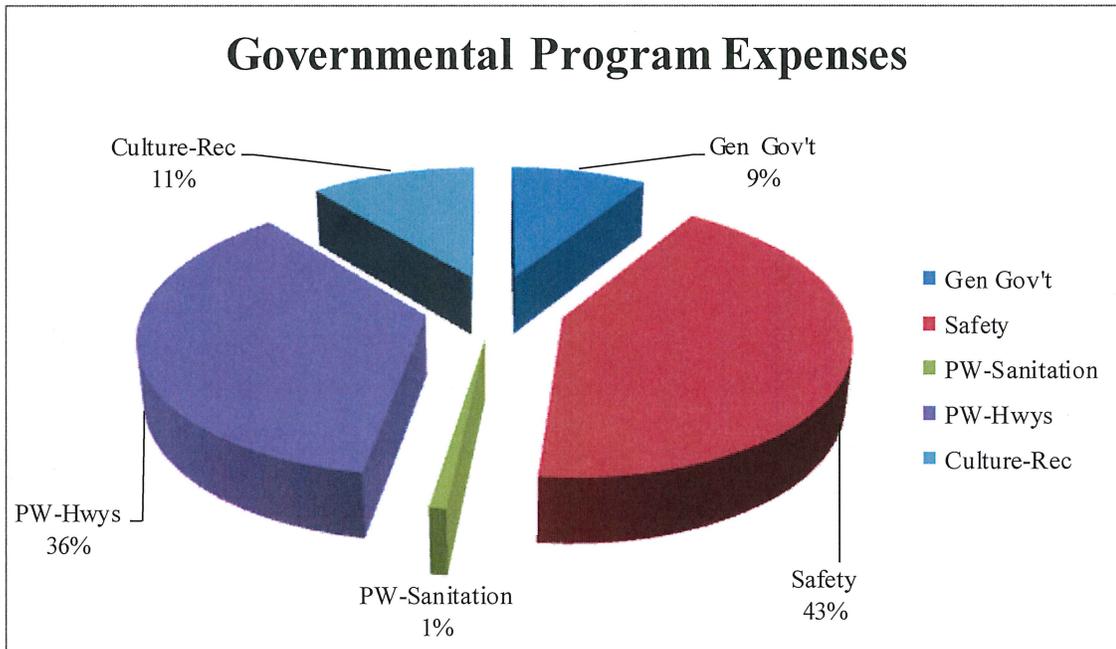
DECEMBER 31, 2014

Program Expenses:

Program expenses reflect the delivery of a wide range of services by the Township to its residents with the largest portion of the expenditures being for public safety (43%) which represents the costs of providing public protection. Other significant areas of program expenses include public works-highways (36%) and recreation (11%) representing the cost of maintaining, repairing and constructing roads and the Community Center and public park upkeep, respectively.

Total Expenses for all governmental activity programs in 2014 was \$12,926,415, which represented an increase of \$3,504,830 or 37% from the \$9,421,585 recognized in 2013. The 2014 increase can mostly be attributed to a special contribution to the Wexford Volunteer Fire Company of \$3,198,418 to enable the Fire Company to pay off its mortgage loan obligation related to its main fire station located on North Chapel Drive. This contribution is included in Public Safety Expenses.

The following chart graphically depicts the government-wide expenditures for various programs of governmental activities for the fiscal year ended December 31, 2014:



TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

The table below presents the Township's major functions as well as each function's net cost (total cost less revenues generated by the activities of the function). This table also shows the net costs offset by the other grants, subsidies and contributions to show the remaining financial needs of each function that are supported by local taxes and other miscellaneous revenues.

Years ended December 31, 2014 and 2013
Governmental Activities

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost (Income) of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General Government	\$ 1,175,197	\$ 1,287,074	\$ 843,382	\$ 1,006,652
Public Safety	5,508,596	2,650,959	5,231,114	2,375,235
Public Works - Sanitation	102,503	51,557	44,163	(667)
Public Works - Highways	4,703,226	3,886,565	3,506,947	3,308,850
Culture & Recreation	1,398,948	1,387,320	718,264	756,840
Interest	<u>37,945</u>	<u>158,110</u>	<u>37,945</u>	<u>158,110</u>
Total governmental activities	<u>\$ 12,926,415</u>	<u>\$ 9,421,585</u>	<u>\$ 10,381,815</u>	<u>\$ 7,605,020</u>
Total needs from local taxes and other revenues			<u>\$ 10,381,815</u>	<u>\$ 7,605,020</u>

As might be expected, the basic services of the Township of Pine are primarily financed through general revenues. In 2014, the function of Public Safety required the most overall support or \$5,231,114 compared to \$2,375,235 in 2013. Public Highways required \$3,506,947 compared to \$3,308,850 in 2013, and General Government required \$843,382 compared to \$1,006,652 in 2013. The increase in Public Safety expenditures in 2014 was mostly due to the special contribution made to Wexford Volunteer Fire Company as discussed above. Culture and Recreation required less support or \$718,264 compared to \$756,840 in 2013. For Public Highways, the value of roads contributed to the Township by developers was higher in 2014 compared to 2013. These contributed roadways are recognized as revenue (capital contributions) when acquired from the developer and in accordance with the terms of the developer agreement. The roadways are recorded as capitalized assets and are depreciated annually rather than being expensed in the year they are acquired.

THE TOWNSHIP FUNDS

The Township uses fund accounting to control and manage money for particular purposes and to ensure and demonstrate compliance with finance-related legal requirements. The Township utilizes six separate governmental funds to achieve this objective.

At December 31, 2014, the Township governmental funds reported a combined fund balance of \$12,937,030. The specific makeup of this fund balance, by governmental fund type, is as follows:

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

FUND BALANCE BY FUND TYPE AS OF DECEMBER 31, 2014 AND 2013

**Individual Fund Balances as a Percentage
of the Combined Fund Balances**

<u>Fund Type</u>	<u>2014</u>		<u>2013</u>	
Capital Projects	\$ 5,692,990	44.0%	\$ 8,213,200	55.9%
General	5,337,940	41.3%	4,079,802	27.7%
Transportation Impact	1,216,891	9.4%	1,782,578	12.1%
Recreation	326,257	2.5%	298,232	2.0%
Water/Sewer District	362,923	2.8%	334,243	2.3%
Highway Aid	29	0.0%	42	0.0%
Combined Fund Balances	<u>\$ 12,937,030</u>	100.0%	<u>\$ 14,708,097</u>	100.0%

The Capital Projects Fund balance serves to aid Township management in the planning and financing of current, future and unexpected capital projects. Management has earmarked funds to be used for specific projects including reserves for Public Works and Parks equipment; the purchase of additional municipal land; repairs and/or replacement to all municipal structures and facility equipment; repairs and/or acquisition of waste and recycling receptacles, fitness equipment, vehicles, and machinery. Funds held in the Capital Projects Fund may be distributed to other funds when needed for capital expenditures included in these funds. As required by GASB Statement No. 54, funds committed for a specific purpose require formal action by the Board of Supervisors to approve or change a commitment.

The General Fund is the chief operating fund of the Township. At December 31, 2014, \$1,615,060 of the fund balance was unassigned and, therefore, available to meet the Township's current and future needs. Total general fund balance increased by \$1,258,139 during 2014. The increase in 2014 (compared to the prior year's increase of \$232,160) was mostly due to an overall increase in ACT 511 Tax collections, and lower interfund transfers.

The Transportation Impact Fund maintains funds collected from new development projects. The fees are assessed in accordance to the Municipalities Planning Code (MPC) authorizing local government to assess impact fees on new development. Revenues collected from these fees are restricted for use in financing future Township infrastructure capital improvements. Fees are based upon the number of new vehicle trips generated in the PM Peak hour determined by Institute of Transportation Engineers (ITE) Trip Generation Manual or through an independent traffic generation study that forecasts future projected vehicle trips attributed to the new development. Developers and builders pay a transportation impact fee to the Township for this purpose with the issuance of every building permit.

The continuing development within the Township has resulted in additional amounts being collected for the Transportation Impact Fund and additional amounts being utilized for roadway capital improvement projects. The remaining funds are anticipated to be spent in future years as the Township addresses its infrastructure needs related to new development.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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The Recreation Fund is designated in its use to promote and support recreational activities, facilities or purposes, which serve the recreational needs of the citizens of the Township. Builders pay a fee for this purpose with every building permit issued.

The Highway Aid Fund (also known as Liquid Fuels Fund), is restricted in its use to reimburse Township expenditures for road-related expenses, such as the purchase of winter maintenance materials, the purchase of road machinery and equipment, and the purchase, maintenance, and repair of traffic signs and signal devices. The Township receives its share of the state's liquid fuels tax, which is allocated to the municipalities based on local roadway mileage, population from the most recent US Census Report (2010), and ACT 44 funds received by PENNDOT from the PA Turnpike Commission.

The Water/Sewer District Fund is designated for the extension of new sewer or water lines. The Board of Supervisors may create a sewer or water district after receiving a valid petition from residents in need of public sewer or water. The cost of the extension of the sewer or water line project is paid initially out of this fund.

GENERAL FUND BUDGET

A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided on Page 9.

From time to time, the Township applies for federal, state, and local grants and approval of these grants are usually not received until the following year. The grant money applied for is budgeted as revenue and the corresponding spending related to the project is budgeted as expense. If the grant is not received, the project is not completed.

Total General Fund revenues were overall favorable to the budget by \$229,143 or 2.15%. This variance resulted from higher than estimated ACT 511 taxes and building permits. General fund expenditures were favorable to budget by \$2,525,190 or 18.36%. This variance was primarily attributable to the timing, payment or deferral of several budgeted Capital Projects and the final cost of the 2015 Road Paving program being lower than originally forecasted. Interfund transfers received by the general fund, most significantly from the transportation impact fund, were higher than budgeted.

CAPITAL ASSETS

At December 31, 2014, the Township had \$29,519,601 invested in a broad range of capital assets, including land, buildings, equipment and vehicles and infrastructure.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2014

Governmental Activities
Capital assets - net of depreciation

	2014	2013
Land	\$ 7,221,054	\$ 7,147,168
Building & Improvements	9,522,854	9,470,046
Equipment & Vehicles	1,607,049	1,304,902
Infrastructure	11,161,238	9,722,251
Construction in Progress	7,406	2,380,018
Total	<u>\$ 29,519,601</u>	<u>\$ 30,024,385</u>

Because the Township received less than ten million dollars in annual revenue in 2004, which is when the Township initially implemented GASB No. 34, in accordance with the GASB 34 standards, the Township has elected not to retroactively report major general infrastructure assets on the government-wide statement of net assets acquired prior to January 1, 2004. The value above for infrastructure is the cost of the Township roads that were rebuilt beginning in 2004. Each year the roads rebuilt in that year are added to infrastructure. Based on the current roadway analysis, the Township projects a moderate increase in the annual road paving budget normally estimated not to exceed \$1,600,000 over the next few years to resurface roads in need of repair.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the end of 2014, the economy showed signs of improvement evidenced by strong GDP growth for the third quarter and the labor market exhibiting improvement with the jobless rate dropping to a six-year low. Slumping oil prices and declines in the European markets attributed to mixed investment growth and recovery in the U.S. markets.

Residential and commercial development remains active and consistent with the prior year's activity. The Village of Pine continues with the development of the final phases of combination town homes and single-family detached residential homes. Newly approved residential single-family developments at Emerald Fields, Pleasant Ridge, and Alderwood are expected to continue throughout 2015.

In preparing the 2015 budget, the Township assumed the following:

- The Township's millage rate will remain at 0.998. Residential development continues throughout the Township and remains steady with commercial development expected to slow in 2015. *The 2015 tax millage rate remains the lowest in all of Allegheny County.*
- The 2015 Road paving and landscaping program budget will increase to \$1,750,000 resulting from the growth and acceptance of developer roadways. The Township currently maintains and repairs 65.04 miles of roadways within its borders.

TOWNSHIP OF PINE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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- Vehicle replacement of (2) 2000 Public Works dump trucks with winter maintenance equipment is projected to be \$152,631.
- Re-payment to PENNDOT for Pine's portion of shared project expenses for pedestrian improvements along the Route 19/Wexford Flats corridor is projected to be \$747,786.
- The completion of two Pedestrian Improvement projects within the Route 910 North Chapel Drive vicinity is projected to be \$345,000.
- The installation of a new traffic signal at the intersection of Route 910 and Babcock Boulevard is projected to be \$270,000.
- The capital construction of a new Pine Community Park pavilion is projected to be \$110,000 and will be located in the northwest corner (soccer fields) of the park.
- The purchase/replacement of (2) park grounds tractor mowers is projected to be \$60,000.
- The installation of additional irrigation lines within the Pine Community Park is projected to be \$25,000.
- The Township applied for and was awarded a 50/50 Department of Conservation and Natural Resources (DCNR) Grant for new backstops and fencing in the park. The total project cost to the Township will be approximately \$37,657.
- Purchase of additional Solid Waste/Recycling carts is projected to be \$43,700.
- The 2015 municipal contribution for police services provided by the Northern Regional Police Department is \$1,568,598.
- The Township anticipates hiring a total of (3) full-time staff positions for the Public Works Department and the Pine Community Center.
- Investment opportunities will be governed by the Township's Investment Policy, which was adopted February 2, 2015. Options for short and long term investments are limited to those designated under Section 3204 of the PA Second Class Township Code. Township management makes every attempt to maximize earnings on idle funds while keeping in mind cash flow needs.
- The purchase and installation of new financial and human resources software is projected to be \$210,000.
- The Community Center stairway expansion project is projected to be \$59,000.

TOWNSHIP OF PINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Township Manager, Township of Pine, 230 Pearce Mill Road, Wexford, PA 15090, 724-625-1591 or by email at sanderson@twp.pine.pa.us.

TOWNSHIP OF PINE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 12,911,552
Accounts Receivable	180,375
Taxes Receivable	674,663
Inventory	210,743
Other Current Assets	<u>14,405</u>
Total Current Assets	\$ <u>13,991,738</u>
Noncurrent Assets	
Land	\$ 7,221,054
Building & Improvements (net of depreciation)	9,522,854
Equipment and Vehicles (net of depreciation)	1,607,049
Infrastructure (net of depreciation)	11,161,238
Construction in Progress	<u>7,406</u>
Total Noncurrent Assets	\$ <u>29,519,601</u>
TOTAL ASSETS	\$ <u>43,511,339</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 204,412
Escrow Payable	421,872
Payroll Deductions & Withholdings	623
Unearned Revenue	183,149
Accumulated Compensated Absences	<u>114,652</u>
Total Current Liabilities	\$ <u>924,708</u>
TOTAL LIABILITIES	\$ <u>924,708</u>
NET POSITION	
Net Investment in Capital Assets	\$ 29,519,601
Restricted for:	
Highway Aid	29
Transportation Impact	1,216,891
Unrestricted	<u>11,850,110</u>
TOTAL NET POSITION	\$ <u>42,586,631</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>43,511,339</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 1,175,197	\$ 214,121	\$ 117,694	\$ (843,382)
Public Safety	5,508,596	88,208	189,274	(5,231,114)
Public Works - Sanitation	102,503	14,129	44,211	(44,163)
Public Works - Highways	4,703,226	6,310	312,964	(3,506,947)
Culture - Recreation	1,398,948	660,684	0	(718,264)
Interest	37,945	0	0	(37,945)
Total Governmental Activities	\$ 12,926,415	\$ 983,452	\$ 664,143	\$ (10,381,815)
Business-type Activities	0	0	0	0
Total Primary Government	\$ 12,926,415	\$ 983,452	\$ 664,143	\$ (10,381,815)

General Revenues:

Taxes:	
Property taxes, levied for general purposes, net	\$ 1,664,205
Other taxes levied for general purposes, net	7,425,085
Special assessments for impact fees	611,149
Licenses and Permits	342,861
Fines and Forfeits	20,761
Interest and Rents	69,770
Refunds of Prior Year Expenses / (Revenues)	(195,801)
Gain (Loss) on Disposal of Fixed Assets	28,728
Miscellaneous Income	16,187
Total general revenues, special items, extraordinary items and transfers	\$ 9,982,945

Change in Net Position

Net Position—Beginning

Net Position—Ending

	\$ (398,870)
	42,985,501
	<u>\$ 42,586,631</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General</u>	<u>Capital Project Fund</u>	<u>Impact Fund</u>	<u>Other Non-Major Funds</u>	<u>Totals Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,322,523	\$ 5,692,990	\$ 1,217,815	\$ 678,224	\$ 12,911,552
Accounts Receivable	169,390	0	0	10,985	180,375
Due From Other Funds	924	0	0	0	924
Taxes Receivable	674,663	0	0	0	674,663
Other Current Assets	14,405	0	0	0	14,405
Total Assets	<u>\$ 6,181,905</u>	<u>\$ 5,692,990</u>	<u>\$ 1,217,815</u>	<u>\$ 689,209</u>	<u>\$ 13,781,919</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 204,412	\$ 0	\$ 0	\$ 0	\$ 204,412
Escrow Payable	421,872	0	0	0	421,872
Unearned Revenue	183,149	0	0	0	183,149
Payroll Deductions & Withholdings	623	0	0	0	623
Due to Other Funds	0	0	924	0	924
Total Liabilities	<u>\$ 810,056</u>	<u>\$ 0</u>	<u>\$ 924</u>	<u>\$ 0</u>	<u>\$ 810,980</u>
Deferred Inflows of Resources					
Unavailable Revenue - Taxes	<u>\$ 33,909</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,909</u>
Fund Balances					
Non-Spendable for:					
Prepaid Expenses	\$ 14,405	\$ 0	\$ 0	\$ 0	\$ 14,405
Restricted for:					
Transportation Impact	0	0	1,216,891	0	1,216,891
Highway Aid	0	0	0	29	29
Committed for:					
Water/Sewer District Petitions	0	0	0	362,923	362,923
Community and Park Development	0	0	0	326,257	326,257
Quality Enhancement Projects	0	1,459,380	0	0	1,459,380
Park Land Acquisition Reserve	0	1,643,207	0	0	1,643,207
Municipal Facilities Capital Replacement	0	1,376,364	0	0	1,376,364
Municipal Capital Replacement	0	1,214,039	0	0	1,214,039
Assigned for:					
Healthcare Reform Reserve	150,000	0	0	0	150,000
Salt Reserve	100,000	0	0	0	100,000
Reserve for Refunds due to Tax Changes	200,000	0	0	0	200,000
Park Projects not completed in the prior year	55,000	0	0	0	55,000
Reimburse Capital Projects for PCC Project	67,400	0	0	0	67,400
WVFD Contributions - Unbudgeted	171,000	0	0	0	171,000
Code Department Modifications	50,000	0	0	0	50,000
Winter Maintenance Equipment	250,000	0	0	0	250,000
Subsequent Year's Budget	2,665,075	0	0	0	2,665,075
Unassigned	1,615,060	0	0	0	1,615,060
Total Fund Balances	<u>\$ 5,337,940</u>	<u>\$ 5,692,990</u>	<u>\$ 1,216,891</u>	<u>\$ 689,209</u>	<u>\$ 12,937,030</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,181,905</u>	<u>\$ 5,692,990</u>	<u>\$ 1,217,815</u>	<u>\$ 689,209</u>	<u>\$ 13,781,919</u>

TOWNSHIP OF PINE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,937,030

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Governmental Capital Assets	\$ 48,248,863	
Less: Accumulated Depreciation	<u>(18,729,262)</u>	29,519,601

Because some taxes that have been levied are not collected until several months after the Township's year-end, they are not considered "available" revenues in the governmental funds. Therefore, in the governmental funds, these amounts are classified as unavailable revenue.

Unavailable Revenue-Taxes	33,909
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Materials and supplies are recognized as expense when purchased and are, therefore, not recognized as inventory in the governmental funds.

Inventory	210,743
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Accrued vacation liabilities are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds.

Compensated Absence Obligation	<u>(114,652)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 42,586,631**

TOWNSHIP OF PINE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Capital Project Fund</u>	<u>Impact Fund</u>	<u>Other Non-Major Funds</u>	<u>Totals Governmental Funds</u>
REVENUES					
Taxes / Special Assessments	\$ 9,093,420	\$ 0	\$ 611,150	\$ 0	\$ 9,704,570
Licenses and Permits	342,861	0	0	0	342,861
Fines and Forfeits	20,761	0	0	0	20,761
Interest and Rents	57,156	8,762	1,842	2,009	69,769
Intergovernmental	354,660	0	0	309,483	664,143
Charges for Services	956,152	0	0	27,300	983,452
Contributions	28,970	128,097	0	0	157,067
Miscellaneous	16,189	0	0	73,003	89,192
Total Revenues	<u>\$ 10,870,169</u>	<u>\$ 136,859</u>	<u>\$ 612,992</u>	<u>\$ 411,795</u>	<u>\$ 12,031,815</u>
EXPENDITURES					
General Government	\$ 989,928	\$ 0	\$ 0	\$ 0	\$ 989,928
Public Safety	2,135,944	3,198,418	0	0	5,334,362
Public Works - Sanitation	53,568	0	0	44,653	98,221
Public Works - Highways	3,939,124	0	0	0	3,939,124
Culture - Recreation	1,157,005	0	0	0	1,157,005
Interest	37,945	0	0	0	37,945
Debt Service - Principal	1,822,000	0	0	0	1,822,000
Insurances and Employer Paid Benefits	283,250	0	0	0	283,250
Total Expenditures	<u>\$ 10,418,764</u>	<u>\$ 3,198,418</u>	<u>\$ 0</u>	<u>\$ 44,653</u>	<u>\$ 13,661,835</u>
Excess of Revenues Over / (Under) Expenditures	<u>\$ 451,405</u>	<u>\$ (3,061,559)</u>	<u>\$ 612,992</u>	<u>\$ 367,142</u>	<u>\$ (1,630,020)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of General Fixed Asset Disposal	\$ 54,755	\$ 0	\$ 0	\$ 0	\$ 54,755
Operating Transfers In	1,489,129	541,349	0	0	2,030,478
Operating Transfers (Out)	(541,349)	0	(1,178,679)	(310,450)	(2,030,478)
Refunds of Prior Year Expenditures / (Receipts)	(195,801)	0	0	0	(195,801)
Total Other Financing Sources (Uses)	<u>\$ 806,734</u>	<u>\$ 541,349</u>	<u>\$ (1,178,679)</u>	<u>\$ (310,450)</u>	<u>\$ (141,046)</u>
Excess of Revenues and Other Sources Over / (Under) Expenditures and Other Uses	<u>\$ 1,258,139</u>	<u>\$ (2,520,210)</u>	<u>\$ (565,687)</u>	<u>\$ 56,692</u>	<u>\$ (1,771,066)</u>
Fund Balances, January 1	<u>4,079,801</u>	<u>8,213,200</u>	<u>1,782,578</u>	<u>632,517</u>	<u>14,708,096</u>
Fund Balances, December 31	<u>\$ 5,337,940</u>	<u>\$ 5,692,990</u>	<u>\$ 1,216,891</u>	<u>\$ 689,209</u>	<u>\$ 12,937,030</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (1,771,066)**

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

Capital outlays are reported in governmental funds 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 exceed depreciation expense in the period.

Capital Outlays	\$ 2,210,492	
Less: Depreciation Expense	<u>(2,741,303)</u>	(530,811)

The statement of activities reports gains arising from the disposal of fixed assets. Conversely, the governmental funds report the proceeds from fixed asset disposals.

\$ 241,424		
<u>(215,397)</u>		26,027

The purchase of materials and supplies are reported in the governmental funds as expenditures. However, the statement of activities includes only the cost of materials and supplies that were actually consumed during the year.

Change in Inventory Balance		57,827
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Proceeds from the issuance of debt and repayments of principal on debt are reported in governmental funds as revenues and expenditures. However, in the government-wide statements, the issuance of debt is recorded as a liability and the repayment of principal is recorded as a reduction of the liability.

Principal Payments on Notes Payable		1,822,000
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In the statement of activities, certain operating expenses (compensated absences and other post-employment benefits) 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 (essentially, the amounts actually paid). During this year, the total amount of the liability increased by this amount in the government-wide statements.

Increase in Compensated Absence Obligation		1,283
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Because some taxes will not be collected until several months after the Township's year-end, they are not considered "available" revenues in the governmental funds. Unavailable tax revenues decreased by this amount during this year.

Change in Unavailable Revenue		<u>(4,130)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (398,870)**

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes/Special Assessments	\$ 8,577,400	\$ 8,577,400	\$ 9,093,420	\$ 516,020
Licenses and Permits	361,800	361,800	342,861	(18,939)
Fines and Forfeits	20,100	20,100	20,761	661
Interest and Rents	53,011	53,011	57,156	4,145
Intergovernmental	654,871	654,871	354,660	(300,211)
Charges for Services	886,961	886,961	956,152	69,191
Contributions	72,096	72,096	28,970	(43,126)
Miscellaneous	<u>14,787</u>	<u>14,787</u>	<u>16,189</u>	<u>1,402</u>
Total Revenues	<u>\$ 10,641,026</u>	<u>\$ 10,641,026</u>	<u>\$ 10,870,169</u>	<u>\$ 229,143</u>
EXPENDITURES				
General Government	\$ 1,266,627	\$ 1,266,627	\$ 989,928	\$ 276,699
Public Safety	2,502,705	2,502,705	2,135,944	366,761
Public Works - Sanitation	61,000	61,000	53,568	7,432
Public Works - Highways	6,777,214	6,777,214	3,939,124	2,838,090
Culture - Recreation	1,438,464	1,438,464	1,157,005	281,459
Interest	65,400	65,400	37,945	27,455
Debt Service - Principal	1,097,365	1,097,365	1,822,000	(724,635)
Miscellaneous	<u>359,316</u>	<u>359,316</u>	<u>283,250</u>	<u>76,066</u>
Total Expenditures	<u>\$ 13,568,091</u>	<u>\$ 13,568,091</u>	<u>\$ 10,418,764</u>	<u>\$ 3,149,327</u>
Excess of Revenues Over / (Under) Expenditures			<u>\$ 451,405</u>	<u>\$ 3,378,470</u>
	<u>\$ (2,927,065)</u>	<u>\$ (2,927,065)</u>		
OTHER FINANCING SOURCES (USES)				
Proceeds of General Fixed Asset Disposal	\$ 19,500	\$ 19,500	\$ 54,755	\$ 35,255
Operating Transfers In	3,069,961	3,069,961	1,489,129	(1,580,832)
Operating Transfers (Out)	(154,596)	(154,596)	(541,349)	(386,753)
Refunds of Prior Year Expenditures	22,000	22,000	71,383	49,383
Refunds of Prior Year Receipts	<u>(29,800)</u>	<u>(29,800)</u>	<u>(267,184)</u>	<u>(237,384)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,927,065</u>	<u>\$ 2,927,065</u>	<u>\$ 806,734</u>	<u>\$ (2,120,331)</u>
Excess of Revenues and Other Sources Over / (Under) Expenditures and Other Uses			<u>\$ 1,258,139</u>	<u>\$ 1,258,139</u>
	<u>\$ 0</u>	<u>\$ 0</u>		
Fund Balances - January 1			<u>4,079,801</u>	
Fund Balances - December 31			<u>\$ 5,337,940</u>	

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDING DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Pine was established under the laws of the Commonwealth of Pennsylvania. The Township operates with a Board and provides the following services as authorized by the Township code: public safety, streets, sanitation and recreation.

The financial statements of the Township of Pine have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 to its governmental funds provided they do not conflict with or contradict GASB pronouncements. The more significant accounting policies of the Township are described below.

In evaluating the Township as a reporting entity, management has addressed all potential component units (i.e. separate entities for which the Township may be “financially accountable”) and, as such, should be included in the Township’s financial statements. The primary government is considered to be “financially accountable” for another organization if it appoints a voting majority of the other organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of these criteria, management has determined that the Township (the primary government) has no potential components that should be included in its financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Township’s basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township’s police, fire, parks, public works, recreation and general administrative services are classified as governmental activities. The Township does not have business-type activities.

In the government-wide Statement of Net Position, the governmental activities (a) are presented on a consolidated basis, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to arrive at the net revenue or expense related to each function of the Township.

Program revenues must be directly associated with the function (general government, public safety, public works-sanitation and highway, recreation, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital – specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises assets, liabilities, fund balance, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in the governmental activities. Each major fund is presented in a separate column. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of each fund in relation to the total) for the determination of major funds.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Township reports the following major governmental funds and fund types:

- a. The General Fund is the Township's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Capital Project Fund accounts for the accumulation and disbursement of resources to be used specifically for capital acquisitions and improvements and construction projects within the Township.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- c. Capital Project Fund accounts for the accumulation and disbursement of resources to be used specifically for capital acquisitions and improvements and construction projects within the Township.
- d. Impact Fund is a Special Revenue Fund which accounts for the accumulation and disbursement of resources collected from developers based on transportation impact studies related to new development within the Township.

The activities in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are similar to those applicable to a business in the private sector. There are two types of proprietary funds, enterprise and internal service. The Township did not have any proprietary funds.

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Township's programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

The Township's Financial Statements do not include the Deferred Compensation or the Municipal Employees' Pension Funds as Fiduciary Funds because the funds were not within the scope of this audit. These are agency funds which is used to account for net assets held in a purely custodial capacity for specific other persons or organizations or governments. The audit was limited because it does not include the Deferred Compensation or the Municipal Employees' Pension Funds of the Township. The Municipal Employees' Pension Fund is audited by the auditor general's office of the Commonwealth of Pennsylvania and the audit reports are available for review at the Township's Municipal Office. The most recent audit report from the Auditor General is dated February 20, 2015 for the period from January 1, 2011 through December 31, 2013.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures / expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1) Accrual:

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2) Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee sick leave, which are recognized when due and payable.

E. Budgetary Process

The Township passed an appropriated general fund budget for the fiscal year ending December 31, 2014 with revenues and other financing sources totaling \$13,752,487 and expenditures and other financing uses totaling \$13,752,487.

The Township is required by state law to adopt an annual budget. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP").

Although the codes contain somewhat different requirements for boroughs, townships and cities, the following are common elements:

- 1) Projections of revenue estimates and proposed expenditures must be made either by the secretary, department heads or committees of the governing body.
- 2) The minimum financial obligation of the municipality for the following year must be determined by the chief administrative officer of each municipal pension plan and submitted to the governing body by September 30.
- 3) A public meeting of the governing body is held at which the budget for all funds of the municipality is discussed and the proposed budget is prepared.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- 4) After the proposed budget is prepared, it must be advertised. The advertisement should include a statement of where the budget is available for public inspection for a period of at least 20 days, except for townships, which is at least 10 days.
- 5) The governing body must officially adopt a balanced budget before December 31, of the year proceeding the budget year.

All budget appropriations lapse at year-end, unless the Township chooses to utilize encumbrance accounting. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

NOTE 2 – FINANCIAL STATEMENT AMOUNTS

1. Cash and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, nonnegotiable certificates of deposits and short-term investments with original maturities of three months or less from acquisition date.

In accordance with GASB Statement No. 31, the Township's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

2. Inventories

On the government-wide financial statements, inventories are stated at cost using the purchase method. The purchase method means that items are charged as expenditures when acquired. Inventory on hand at the end of the period is then recorded as an asset by offsetting the appropriate expense account. The inventories of the Township, as presented in the statement of net position, are comprised primarily of road maintenance materials, garbage carts, fuel and signage. Other items, such as office supplies, are not considered to be material to the overall financial statements and are not capitalized as inventory. The inventory for governmental activities is \$210,743 at December 31, 2014.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 2 – FINANCIAL STATEMENT AMOUNTS – CONTINUED

3. Receivables

All receivables are reported net of estimated uncollectible amounts.

4. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets purchased or acquired with an original cost of \$4,000 or more (machinery, equipment and vehicles) and \$25,000 or more (buildings, building improvements and infrastructure items) are reported at historical cost or estimated historical cost. Contributed assets (primarily roads contributed by developers) are reported at estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. The Township reports all major general infrastructure assets constructed or acquired in fiscal years ending after January 1, 2004, or that received major renovations, restoration, or improvements during that period.

All reported capital assets except land and construction in progress are depreciated. The value of land includes all land under Township roads. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Infrastructure	8-30 years
Buildings and Improvements	10-40 years
Furniture and Equipment	3-15 years

5. Compensated Absences

The Township accrues accumulated unpaid vacation time when earned (or estimated to be earned) by the employee. The liability for governmental funds is reported as a current liability in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

6. Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 2 – FINANCIAL STATEMENT AMOUNTS – CONTINUED

- Restricted net position – consists of net assets that are restricted by the Township’s creditors (for example, through debt covenants), by the state enabling legislation (through restriction on shared revenues), by grantors (both federal and state), and by other contributors (including those that might donate to the Township).
- Unrestricted – all other net assets are reported in this category.

7. Fund Balance Items

The Township reports two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the non-spendable fund balance, the Township uses a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, the Township’s Board of Supervisors, via board action.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Board of Supervisors has given authority to assign portions of the fund balance to the Township Manager. Assigned fund balances in the General Fund primarily represent expenditures that were budgeted to occur in 2014, but will actually be incurred in 2015. Other amounts are assigned for future capital enhancements.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

According to Township policy and consistent with Government Finance Officers Association (GFOA) best practices, the unassigned fund balance, as of December 31st, shall be a minimum of 15% of the subsequent year’s budgeted expenditures plus transfers to other funds. 2015 budgeted expenditures plus transfers to other funds are \$10,767,066.

8. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Township’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Township’s policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 2 – FINANCIAL STATEMENT AMOUNTS – CONTINUED

9. Inter-fund Activity

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Due from/to other funds.” These amounts are offset against each other in the governmental and business-type activities columns of the statement of net assets, except for amounts due to/from other funds which are not presented in the statement of net assets.

10. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Changes in estimated amounts receivable and deferred revenues for uncollected taxes are accounted for as changes in estimates in the current period.

11. Subsequent Events

The Township evaluated its December 31, 2014 financial statements for subsequent events through April 14, 2015, the date the financial statements were available to be issued. The Township is not aware of subsequent events that would require recognition or disclosure in the financial statements.

NOTE 3 - CASH /INVESTMENTS

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, and 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 Township adheres to state statutes and prudent business practice. Deposits of the governmental funds, which are maintained in demand deposits or highly liquid money market funds, are captioned as “Cash and Cash Equivalents” in the balance sheet. There were no deposit or investment transactions noted during the year that were in violation of either the state statutes or the policy of the Township.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned to it. Bank balances up to \$250,000 per bank are insured by the FDIC.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 3 - CASH /INVESTMENTS – CONTINUED

Pennsylvania statutes require banks to pledge collateral for Township deposits in excess of \$250,000. As of December 31, 2014, \$11,446,011 of the Township’s bank balance of \$11,696,011 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	0
Uninsured and collateralized with securities held by financial institution in the Township's name	\$	0
Uninsured and collateralized with securities held by financial institution but not in the Township's name	\$	11,446,011

Other Deposits

As of December 31, 2014, the Township had other deposits in the Pennsylvania Local Government Investment Trust (PLGIT) which was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments. The fund has the characteristics of an open-end mutual fund and is not subject to credit risk classification. PLGIT is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund.

The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC’s Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains a net asset value of \$1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares.

As of December 31, 2014, the Township had the following other deposits:

<u>Type</u>	<u>Fair Value</u>
PA Local Government Investment Trust	\$ 1,220,933
Total	<u>\$ 1,220,933</u>

As of December 31, 2014, the Township’s deposits in PA Local Government Investment Trust were rated as “AAAm” by Standard & Poor’s.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 3 - CASH /INVESTMENTS – CONTINUED

Reconciliation to Financial Statements

Collateralized by securities not in the Township's name	\$ 11,446,011
FDIC Insured Amount	250,000
Other Deposits Above	<u>1,220,933</u>
Carrying Amount - Bank Balances	\$ 12,916,944
Add: Petty Cash	575
Less: Outstanding Items	<u>(5,967)</u>
Total	<u>\$ 12,911,552</u>

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township has no investment subject to custodial credit risk.

NOTE 4 – TAXES

Property Taxes

Based upon assessed valuations provided by the County, the municipal tax collector bills and collects property taxes on behalf of the Township. The schedule for property taxes levied for 2014 is as follows:

- April 1 - tax notices mailed
- April-May - 2% discount period
- June-July - face payment period
- August until lien date - 10% penalty period

The Township tax rate for all purposes in 2014 was 0.998 mills (\$0.998 per \$1,000 assessed valuation). Collections on the 2014 duplicate were \$1,629,746.

As of December 31, 2014, property taxes receivable by the Township includes uncollected taxes assessed as of April 1, 2014 or earlier. It is estimated that a certain collectable percentage (as determined by the delinquent tax collector) of all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected. Therefore, property taxes receivable reflects this estimate. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

TOWNSHIP OF PINE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2014

NOTE 4 – TAXES – CONTINUED

Income Taxes

The Township levies a voted continuing tax of 0.50 percent for general purposes on the income of residents. Taxpayers are required to file an annual return. The collector makes periodic remittances to the Township after withholding amounts for administrative fees. Income tax receipts are credited to the general fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,147,168	\$ 73,886	\$ 0	\$ 7,221,054
Construction in Progress	2,380,018	7,406	2,380,018	7,406
Total Capital assets, not being depreciated	<u>\$ 9,527,186</u>	<u>\$ 81,292</u>	<u>\$ 2,380,018</u>	<u>\$ 7,228,460</u>
Capital assets, being depreciated:				
Building and Improvements	\$ 12,190,840	\$ 380,423	\$ 0	\$ 12,571,263
Equipment and Vehicles	3,473,173	585,570	241,424	3,817,319
Infrastructure	20,605,748	4,026,073	0	24,631,821
Total capital assets, being depreciated	<u>\$ 36,269,761</u>	<u>\$ 4,992,066</u>	<u>\$ 241,424</u>	<u>\$ 41,020,403</u>
Accumulated Depreciation for:				
Building and Improvements	\$ 2,720,794	\$ 327,615	\$ 0	\$ 3,048,409
Equipment and Vehicles	2,168,271	257,396	215,397	2,210,270
Infrastructure	10,883,497	2,587,086	0	13,470,583
Total Accumulated Depreciation	<u>\$ 15,772,562</u>	<u>\$ 3,172,097</u>	<u>\$ 215,397</u>	<u>\$ 18,729,262</u>
Capital assets, being depreciated, net	<u>\$ 20,497,199</u>	<u>\$ 1,819,969</u>	<u>\$ 26,027</u>	<u>\$ 22,291,141</u>
Governmental activities capital assets, net	<u>\$ 30,024,385</u>	<u>\$ 1,901,261</u>	<u>\$ 2,406,045</u>	<u>\$ 29,519,601</u>

Significant additions during 2014 included \$2,025,247 for road paving projects, \$73,886 for land additions and \$227,138 for traffic control construction.

TOWNSHIP OF PINE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDING DECEMBER 31, 2014

NOTE 5 – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities:	
General Government	\$ 58,021
Public Safety	113,661
Highways and Streets	2,712,968
Parks and Recreation	<u>287,447</u>
Total Depreciation Expense Governmental Activities	<u>\$ 3,172,097</u>

NOTE 6 – COMPENSATED ABSENCES/RETIREMENT INCENTIVES

Township employees accumulate unused vacation days for a maximum period of one year. If the vacation days are not used by the end of the year following the year in which they were earned, the days are forfeited. The liability for compensated absences is calculated based on the number of days accrued and the employee's age and current daily pay rate. As of December 31, 2014, the liability for accrued vacation and compensated absences is \$114,652.

NOTE 7 – LONG-TERM DEBT

Long-term liability for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 1,822,000	\$ 0	\$ (1,822,000)	\$ 0	\$ 0
Compensated absences	<u>115,935</u>	<u>0</u>	<u>(1,283)</u>	<u>114,652</u>	<u>0</u>
Total governmental activity long-term liabilities	<u>\$ 1,937,935</u>	<u>\$ 0</u>	<u>\$ (1,823,283)</u>	<u>\$ 114,652</u>	<u>\$ 0</u>

On September 20, 2010, the Township of Pine issued \$8,535,000 in General Obligation Notes, Refunding Series A and B of 2010. These notes were issued to refund the 2006 General Obligation Note incurred primarily for the construction of the Township of Pine Community Center. During 2011, the Series B notes of 2010 were repaid in full. During 2014, the Series A notes of 2010 were paid in full. The 2010 notes, Series A were originally scheduled to be fully paid on October 1, 2030, and Series B were originally scheduled to be fully paid on October 1, 2036. However, the Township has repaid these notes ahead of schedule. The outstanding balance on the Series A and series B notes was \$0 at December 31, 2014.

TOWNSHIP OF PINE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDING DECEMBER 31, 2014

NOTE 8 – INTERFUND TRANSACTIONS

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The following briefly summarizes the Township’s interfund activity:

<u>Interfund</u>	<u>Payable</u>	<u>Receivable</u>
General Fund	\$ 0	\$ 924
Transport Impact Aid	924	0
Total Interfund	\$ 924	\$ 924

Transfers are indicative of funding for capital projects and re-allocations of special and other revenues. The following schedule briefly summarizes the Township’s transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Project Fund	\$ 541,349	To reimburse the capital projects fund for general fund expenditures completed in the current year.
Highway Aid Fund	General Fund	\$ 310,450	To reimburse the general fund for highway aid expenditures.
Impact Fund	General Fund	\$ 1,178,679	To reimburse the general fund for impact fund expenditures.

NOTE 9 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, errors and omissions, natural disasters and loss or damage of assets. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in the level of insurance coverage compared to the coverage in the prior year.

For its dental insurance, the Township participates as a member of the Municipal Employers Insurance Trust (MEIT). MEIT was formed in 1968 for the purpose of providing certain

TOWNSHIP OF PINE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDING DECEMBER 31, 2014

NOTE 9 – RISK MANAGEMENT - CONTINUED

benefits for eligible employers (any municipality, municipal authority, association of municipal employees of any city, town, township or borough of the Commonwealth of Pennsylvania) and those employers who may later become eligible. MEIT acts as an agent for the eligible employers by collecting the insurance premiums and remitting the premiums to the various insurance providers. The Township pays a monthly premium to MEIT for its dental insurance.

The trust agreement provides that MEIT will be self-sustaining through employer contributions sufficient to pay all insurance premiums from commercial insurance carriers and all administrative costs of MEIT.

The Township may withdraw from MEIT by giving 30 days' notice. The trust was established solely for the purpose of administering, holding and maintaining insurance policies and other agreements related to the provision of benefits. Therefore, the Township has no right, title or interest in the Trust Fund and it has no right to the return of any monies paid into the Trust Fund.

For its workers compensation insurance coverage, the Township participates in the Municipal Risk Management Workers' Compensation Pooled Trust, a public entity risk pool operated for the benefit of 202 cities, municipalities, boroughs, townships and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1933 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant in the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Trust purchases excess insurance coverage with statutory limits. The retention for this coverage is \$500,000 per occurrence. There were no significant changes in the levels of insurance coverage compared to the prior year. Political subdivisions joining the Trust must remain members for a minimum of four years. A member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any assets of the Trust. Estimates of any additional assessments are unknown.

OTHER FINANCIAL INFORMATION

TOWNSHIP OF PINE
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
DECEMBER 31, 2014

	Recreation Fund	Highway Aid Fund	Water District Fund	Totals
<u>ASSETS</u>				
Cash	\$ 326,257	\$ 29	\$ 351,938	\$ 678,224
Accounts Receivable	0	0	10,985	10,985
Total Assets	<u>\$ 326,257</u>	<u>\$ 29</u>	<u>\$ 362,923</u>	<u>\$ 689,209</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fund Equity:</u>				
Restricted for Highway Aid	\$ 0	\$ 29	\$ 0	\$ 29
<u>Committed for:</u>				
Community and Park Development	326,257	0	0	326,257
Water/Sewer District Petitions	0	0	362,923	362,923
<u>Assigned for:</u>				
Recreation Fund-Park Development	0	0	0	0
Water District for Water/Sewer Districts	0	0	0	0
Total Fund Equity	<u>\$ 326,257</u>	<u>\$ 29</u>	<u>\$ 362,923</u>	<u>\$ 689,209</u>
Total Liabilities and Fund Equity	<u>\$ 326,257</u>	<u>\$ 29</u>	<u>\$ 362,923</u>	<u>\$ 689,209</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF PINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2014

	Recreation Fund	Highway Aid Fund	Water District Fund	Totals
<u>REVENUES</u>				
Interest and Rents	\$ 725	\$ 954	\$ 330	\$ 2,009
Intergovernmental	0	309,483	0	309,483
Charges for Services	27,300	0	0	27,300
Private Contributions	0	0	73,003	73,003
Total Revenues	<u>\$ 28,025</u>	<u>\$ 310,437</u>	<u>\$ 73,333</u>	<u>\$ 411,795</u>
<u>EXPENDITURES</u>				
Public Works	\$ 0	\$ 0	\$ 44,653	\$ 44,653
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,653</u>	<u>\$ 44,653</u>
Excess of Revenues Over / (Under) Expenditures	<u>\$ 28,025</u>	<u>\$ 310,437</u>	<u>\$ 28,680</u>	<u>\$ 367,142</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	\$ 0	\$ (310,450)	\$ 0	\$ (310,450)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (310,450)</u>	<u>\$ 0</u>	<u>\$ (310,450)</u>
Excess of Revenues and Other Sources Over / (Under) Expenditures and Other Uses	\$ 28,025	\$ (13)	\$ 28,680	\$ 56,692
Fund Balances, January 1	<u>298,232</u>	<u>42</u>	<u>334,243</u>	<u>632,517</u>
Fund Balances, December 31	<u>\$ 326,257</u>	<u>\$ 29</u>	<u>\$ 362,923</u>	<u>\$ 689,209</u>

See Accompanying Notes to Financial Statements