

BOROUGH OF WEST READING

DCED REPORT

Year Ended December 31, 2018



Certified Public Accountants and Business Consultants

BOROUGH OF WEST READING

TABLE OF CONTENTS

YEAR ENDED DECEMBER 31, 2018

| | Page |
|---|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Balance Sheet | 10 |
| Statement of Revenues and Expenditures | 12 |
| Debt Statement | 24 |
| Statement of Capital Expenditures | 25 |
| Supplementary Information | |
| Other Supplementary Information | 26 |
| Combining Balance Sheet - Capital Projects Fund | 51 |
| Combining Statement of Revenues and Expenditures - Capital Projects Fund | 52 |
| Combining Balance Sheet - Enterprise Funds | 58 |
| Combining Statement of Revenues and Expenditures - Enterprise Funds | 59 |

Independent Auditors' Report

To the Honorable Mayor and Members of the Council
Borough of West Reading
West Reading, Pennsylvania

We have audited the accompanying modified cash basis financial statements included in the Pennsylvania Department of Community and Economic Development's (DCED) prescribed form of the Borough of West Reading as of and for the year ended December 31, 2018.

Management's Responsibility for the Financial Statements

The Borough of West Reading's management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the DCED prescribed form using the cash basis of accounting permitted by the Pennsylvania Department of Community and Economic Development. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 Qualified Opinion

Borough of West Reading's financial statements do not disclose an accounting of General Fixed Assets, which is required for a complete presentation in accordance with the accounting basis described in the Basis of Accounting paragraph below. The effect on this financial report cannot be determined.

To the Honorable Mayor and Members of the Council
Borough of West Reading
West Reading, Pennsylvania

Qualified Opinion

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Borough of West Reading as of December 31, 2018, and its revenues and expenditures for the year then ended, on the basis of accounting described below.

Basis of Accounting

We draw attention to the basis of accounting, which is described in the second paragraph of this report. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the DCED, which is a basis of accounting principles other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DCED. As permitted by the DCED, the Borough of West Reading prepares its annual audit and financial report on the cash basis of accounting. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of West Reading's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Oaks, Pennsylvania
March 25, 2019



2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
ph: 888-223-6837 | fax: 717-783-1402

City of: _____ County: _____

Borough of: West Reading County: Berks

Township of: _____ County: _____

Municipality of: _____ County: _____

Section I - Introduction

Statutory Requirements

- State law, under the provisions of the Borough Code, First Class Township Code and Second Class Township Code, requires that either the borough controller, elected auditors or appointed auditors file an Annual Audit and Financial Report.
- State law, under the provisions of the Third Class City Code, requires a city's Director of Accounts and Finance to file an Annual Audit and Financial Report.
- The state's Administrative Code requires home rule municipalities to file an Annual Audit and Financial Report.
- The Annual Audit and Financial Report forms, supplied by the Pennsylvania Department of Community and Economic Development (DCED), were developed and approved by a Uniform Forms Committee composed of representatives of the respective municipal associations.
- Form DCED-CLGS-30 (See Section IV) is the form adopted by the Committee for use by all municipalities in Pennsylvania to fulfill their statutory reporting requirements.

One Form

All municipalities are required to submit forms electronically to DCED. The online form contains the same categories as in previous years: assets, liabilities, revenues and expenditures. Enter data only for those funds that your municipality uses. Leave the remaining columns blank. The online form will automatically calculate the amounts in the "Total" column.

Submitting the Report

- File one copy by the designated date at each of the places listed on page 9.
- DO NOT submit a paper copy of this report to DCED. Reports must be submitted online at: www.munstats.pa.gov/forms/login.aspx (Please see the e-filing instructions on page 7.)
- The online system will automatically round all figure to the nearest whole dollar. The system will also add all rows and columns, following basic accounting principles.
- Appointed independent auditors should attach their own opinion in the "Final Review" step of the online form. Additionally, appointed independent auditors should place a checkmark in Section II at the bottom of the "Final Review" step, then choose the "Appointed Auditor/CPA" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected controllers should place a checkmark in the box in Section I at the bottom of the "Final Review" step of the online form then choose the "Controller" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected Auditors must place a check mark in the box in Section I of the "Final Review" step of the online form, then choose the "Elected Auditor" title from the dropdown and provide the name and phone number for **at least 2 of the 3 elected auditors**. If you appointed an auditor to fill an elected auditor position, please choose the "Elected Auditor" title, not the "Appointed Auditor/CPA" title when submitting online.
- If you need assistance or have any questions when completing this report, please contact the Governor's Center for Local Government Services (GCLGS) toll-free at 888-223-6837.

BALANCE SHEET

December 31, 2018

| GOVERNMENTAL FUNDS | | | | |
|--|------------------|--------------------------------|------------------|--------------|
| ASSETS AND OTHER DEBITS | General Fund | Special Revenue | Capital Projects | Debt Service |
| | | (Including State Liquid Fuels) | | |
| 100-120 Cash and Investments..... | 1,172,843 | 56,496 | 576,866 | - |
| 140-144 Tax Receivable..... | - | - | - | - |
| 121-129 | | | | |
| 145-149 Accounts Receivable (excluding taxes)..... | - | - | - | - |
| 130 Due From Other Funds..... | - | - | - | - |
| 131-139 | | | | |
| 150-159 Other Current Assets..... | - | - | - | - |
| 160-169 Fixed Assets..... | - | - | - | - |
| 180-189 Other Debits..... | - | - | - | - |
| TOTAL ASSETS AND OTHER DEBITS..... | 1,172,843 | 56,496 | 576,866 | - |

| LIABILITIES AND OTHER CREDITS | | | | |
|---|--------------|----------|----------|----------|
| 210-229 Payroll Taxes and Other Payroll Withholdings..... | - | - | - | - |
| 200-209 | | | | |
| 231-239 All Other Current Liabilities..... | 5,000 | - | - | - |
| 230 Due To Other Funds..... | - | - | - | - |
| 260-269 Long-Term Liabilities..... | - | - | - | - |
| 240-259 Current Portion of Long-Term Debt & Other Credits.... | - | - | - | - |
| TOTAL LIABILITIES AND OTHER CREDITS..... | 5,000 | - | - | - |

| FUND AND ACCOUNT GROUP EQUITY | | | | |
|--|------------------|---------------|----------------|----------|
| 281-284 Contributed Capital..... | - | - | - | - |
| 290 Investment in General Fixed Assets..... | - | - | - | - |
| 270-289 Fund Balance/Retained Earnings on 12/31..... | 1,167,843 | 56,496 | 576,866 | - |
| 291-299 Other Equity..... | - | - | - | - |
| TOTAL FUND AND ACCOUNT GROUP EQUITY..... | 1,167,843 | 56,496 | 576,866 | - |

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | BALANCE SHEET

| | PROPRIETARY FUNDS | | | FIDUCIARY FUND | ACCOUNT GROUPS | | TOTAL |
|--|-------------------|------------------|----------------|----------------|----------------------|------------------------|------------------|
| | Enterprise | Internal Service | Trust & Agency | | General Fixed Assets | General Long Term Debt | Memorandum Only |
| | | | | | | | |
| ASSETS AND OTHER DEBITS | | | | | | | |
| 100-120 Cash and Investments..... | 717,928 | - | - | - | - | - | 2,524,133 |
| 140-144 Tax Receivable..... | - | - | - | - | - | - | - |
| 121-129 | | | | | | | |
| 145-149 Accounts Receivable (excluding taxes)..... | - | - | - | - | - | - | - |
| 130 Due From Other Funds..... | - | - | - | - | - | - | - |
| 131-139 | | | | | | | |
| 150-159 Other Current Assets..... | - | - | - | - | - | - | - |
| 160-169 Fixed Assets..... | - | - | - | - | - | - | - |
| 180-189 Other Debits..... | - | - | - | - | - | - | - |
| TOTAL ASSETS AND OTHER DEBITS..... | 717,928 | - | - | - | - | - | 2,524,133 |

| | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|--------------|
| LIABILITIES AND OTHER CREDITS | | | | | | | |
| 210-229 Payroll Taxes and Other Payroll Withholdings..... | - | - | - | - | - | - | - |
| 200-209 | | | | | | | |
| 231-239 All Other Current Liabilities..... | - | - | - | - | - | - | 5,000 |
| 230 Due To Other Funds..... | - | - | - | - | - | - | - |
| 260-269 Long-Term Liabilities..... | - | - | - | - | - | - | - |
| 240-259 Current Portion of Long-Term Debt & Other Credits..... | - | - | - | - | - | - | - |
| TOTAL LIABILITIES AND OTHER CREDITS..... | - | - | - | - | - | - | 5,000 |

| | | | | | | | |
|--|----------------|----------|----------|----------|----------|----------|------------------|
| FUND AND ACCOUNT GROUP EQUITY | | | | | | | |
| 281-284 Contributed Capital..... | - | - | - | - | - | - | - |
| 290 Investment in General Fixed Assets..... | - | - | - | - | - | - | - |
| 270-289 Fund Balance/Retained Earnings on 12/31..... | 717,928 | - | - | - | - | - | 2,519,133 |
| 291-299 Other Equity..... | - | - | - | - | - | - | - |
| TOTAL FUND AND ACCOUNT GROUP EQUITY..... | 717,928 | - | - | - | - | - | 2,519,133 |

| | |
|---|------------------|
| TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY..... | 2,524,133 |
|---|------------------|

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

STATEMENT OF REVENUES AND EXPENDITURES

31-Dec-18

| REVENUES | | GOVERNMENTAL FUNDS | | | |
|----------|--|--|------------------|--------------|----------|
| | | Special Revenue (Including State Liquid Fuels) | | | |
| TAXES | | General Fund | Capital Projects | Debt Service | |
| 301.00 | Real Estate Taxes..... | 1,051,965 | 437,617 | - | - |
| 305.00 | Occupation Taxes (levied under municipal code)..... | - | - | - | - |
| 308.00 | Residence Taxes (levied by cities of the 3rd Class)..... | - | - | - | - |
| 309.00 | Regional Asset District Sales Tax (Allegheny County municipalities only)..... | - | - | - | - |
| 310.00 | Per Capita Taxes..... | - | - | - | - |
| 310.10 | Real Estate Transfer Taxes..... | 91,349 | - | - | - |
| 310.20 | Earned Income Taxes/Wage Taxes..... | 586,950 | - | - | - |
| 310.30 | Business Gross Receipts Taxes..... | 374,167 | - | - | - |
| 310.40 | Occupation Taxes (levied under Act 511)..... | - | - | - | - |
| 310.50 | Local Services Tax**..... | 424,548 | - | - | - |
| 310.60 | Amusement/Admission Taxes..... | - | - | - | - |
| 310.70 | Mechanical Device Taxes..... | - | - | - | - |
| 310.90 | Other Local Tax Enabling Act/Act 511 Taxes..... | - | - | - | - |
| | | | | | |
| | | | | | |
| | | | | | |
| | TOTAL TAXES..... | 2,528,979 | 437,617 | - | - |

| LICENSES & PERMITS | | | | | |
|--------------------|--|----------------|----------|----------|----------|
| 320-322 | All Other Licenses and Permits..... | 205,470 | - | - | - |
| 321.80 | Cable Television Franchise Fees..... | 76,064 | - | - | - |
| | TOTAL LICENSES & PERMITS..... | 281,534 | - | - | - |

| FINES & FORFEITS | | | | | |
|------------------|--|----------------|----------|----------|----------|
| 330-332 | Fines and Forfeits..... | 150,333 | - | - | - |
| | TOTAL FINES & FORFEITS..... | 150,333 | - | - | - |

| INTEREST, RENTS & ROYALTIES | | | | | |
|-----------------------------|---|---------------|------------|--------------|----------|
| 341.00 | Interest Earnings..... | 18,390 | 300 | 4,480 | - |
| 342.00 | Rents and Royalties..... | - | - | - | - |
| | TOTAL INTEREST, RENTS & ROYALTIES..... | 18,390 | 300 | 4,480 | - |

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| REVENUES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|----------|--|-------------------|------------------|------------------|-----------------|
| TAXES | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 301.00 | Real Estate Taxes..... | - | - | - | 1,489,582 |
| 305.00 | Occupation Taxes (levied under municipal code)..... | - | - | - | - |
| 308.00 | Residence Taxes (levied by cities of the 3rd Class)..... | - | - | - | - |
| 309.00 | Regional Asset District Sales Tax (Allegheny County municipalities only)..... | - | - | - | - |
| 310.00 | Per Capita Taxes..... | - | - | - | - |
| 310.10 | Real Estate Transfer Taxes..... | - | - | - | 91,349 |
| 310.20 | Earned Income Taxes/Wage Taxes..... | - | - | - | 586,950 |
| 310.30 | Business Gross Receipts Taxes..... | - | - | - | 374,167 |
| 310.40 | Occupation Taxes (levied under Act 511)..... | - | - | - | - |
| 310.50 | Local Services Tax**..... | - | - | - | 424,548 |
| 310.60 | Amusement/Admission Taxes..... | - | - | - | - |
| 310.70 | Mechanical Device Taxes..... | - | - | - | - |
| 310.90 | Other Local Tax Enabling Act/Act 511 Taxes..... | - | - | - | - |
| | | | | | |
| | | | | | |
| | | | | | |
| | TOTAL TAXES..... | - | - | - | 2,966,596 |

| LICENSES & PERMITS | | | | | |
|--------------------|--|---|---|---|---------|
| 320-322 | All Other Licenses and Permits..... | - | - | - | 205,470 |
| 321.80 | Cable Television Franchise Fees..... | - | - | - | 76,064 |
| | TOTAL LICENSES & PERMITS..... | - | - | - | 281,534 |

| FINES & FORFEITS | | | | | |
|------------------|--|---|---|---|---------|
| 330-332 | Fines and Forfeits..... | - | - | - | 150,333 |
| | TOTAL FINES & FORFEITS..... | - | - | - | 150,333 |

| INTEREST, RENTS & ROYALTIES | | | | | |
|-----------------------------|---|---|---|---|--------|
| 341.00 | Interest Earnings..... | - | - | - | 23,170 |
| 342.00 | Rents and Royalties..... | - | - | - | - |
| | TOTAL INTEREST, RENTS & ROYALTIES..... | - | - | - | 23,170 |

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| INTERGOVERNMENTAL REVENUES | | GOVERNMENTAL FUNDS | | | |
|----------------------------|--|---|---|------------------|--------------|
| | | Special Revenue (Including State Liquid Fuels) | | | |
| FEDERAL | | General Fund | | Capital Projects | Debt Service |
| 351.03 | Highways and Streets..... | - | - | - | - |
| 351.09 | Community Development..... | - | - | - | - |
| 351.00 | All Other Federal Capital and Operating Grants..... | - | - | - | - |
| 352.01 | National Forest..... | - | - | - | - |
| 352.00 | All Other Federal Shared Revenue & Entitlements..... | - | - | - | - |
| 353.00 | Federal Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL FEDERAL | | - | - | - | - |

| STATE | | | | | |
|--------------------------|---|---------|---------|---|---|
| 354.03 | Highways and Streets..... | 176,947 | - | - | - |
| 354.09 | Community Development..... | - | - | - | - |
| 354.15 | Recycling/Act 101..... | - | - | - | - |
| 354.00 | All Other State Capital and Operating Grants..... | - | - | - | - |
| 355.01 | Public Utility Realty Tax (PURTA)..... | 2,866 | - | - | - |
| 355.02 - 355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback..... | - | 115,949 | - | - |
| 355.04 | Alcoholic Beverage Licenses..... | 3,050 | - | - | - |
| 355.05 | General Municipal Pension System State Aid..... | 197,509 | - | - | - |
| 355.07 | Foreign Fire Insurance Tax Distribution..... | 19,662 | - | - | - |
| 355.08 | Local Share Assessment/Gaming Proceeds..... | - | - | - | - |
| 355.09 | Marcellus Shale Impact Fee Distribution**..... | - | - | - | - |
| 355.00 | All Other State Shared Revenues & Entitlements..... | - | - | - | - |
| 356.00 | State Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL STATE | | 400,034 | 115,949 | - | - |

| LOCAL GOVERNMENT UNITS | | | | | |
|---|---|---|---|---|---|
| 357.03 | Highways and Streets..... | - | - | - | - |
| 357.00 | All Other Local Governmental Units Capital and Operating Grants..... | - | - | - | - |
| 358.00 | Local Government Unit Shared Payments for Contracted Intergovernmental Services..... | - | - | - | - |
| 359.00 | Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL LOCAL GOVERNMENT UNITS | | - | - | - | - |

** New line item in 2012

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| INTERGOVERNMENTAL REVENUES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|----------------------------|--|-------------------|------------------|------------------|-----------------|
| | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| FEDERAL | | | | | |
| 351.03 | Highways and Streets..... | - | - | - | - |
| 351.09 | Community Development..... | - | - | - | - |
| 351.00 | All Other Federal Capital and Operating Grants..... | - | - | - | - |
| 352.01 | National Forest..... | - | - | - | - |
| 352.00 | All Other Federal Shared Revenue & Entitlements..... | - | - | - | - |
| 353.00 | Federal Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL FEDERAL | | - | - | - | - |

| | | | | | |
|--------------------------|--|---------|---|---|---------|
| STATE | | | | | |
| 354.03 | Highways and Streets..... | - | - | - | 176,947 |
| 354.09 | Community Development..... | - | - | - | - |
| 354.15 | Recycling/Act 101..... | 25,567 | - | - | 25,567 |
| 354.00 | All Other State Capital and Operating Grants..... | 156,590 | - | - | 156,590 |
| 355.01 | Public Utility Realty Tax (PURTA)..... | - | - | - | 2,866 |
| 355.02 - 355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback..... | - | - | - | 115,949 |
| 355.04 | Alcoholic Beverage Licenses..... | - | - | - | 3,050 |
| 355.05 | General Municipal Pension System State Aid..... | - | - | - | 197,509 |
| 355.07 | Foreign Fire Insurance Tax Distribution..... | - | - | - | 19,662 |
| 355.08 | Local Share Assessment/Gaming Proceeds..... | - | - | - | - |
| 355.09 | Marcellus Shale Impact Fee Distribution**..... | - | - | - | - |
| 355.00 | All Other State Shared Revenues & Entitlements..... | - | - | - | - |
| 356.00 | State Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL STATE | | 182,157 | - | - | 698,140 |

| | | | | | |
|---|--|---|---|---|---|
| LOCAL GOVERNMENT UNITS | | | | | |
| 357.03 | Highways and Streets..... | - | - | - | - |
| 357.00 | All Other Local Governmental Units Capital and Operating Grants..... | - | - | - | - |
| 358.00 | Local Government Unit Shared Payments for Contracted Intergovernmental Services..... | - | - | - | - |
| 359.00 | Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL LOCAL GOVERNMENT UNITS | | - | - | - | - |

| | |
|---|----------------|
| TOTAL INTERGOVERNMENTAL REVENUES | 698,140 |
|---|----------------|

** New line item in 2012

| REVENUES | | GOVERNMENTAL FUNDS | | | |
|---------------------------------------|---|--------------------|--------------------------------|----------|--------------|
| CHARGES FOR SERVICE | | General Fund | Special Revenue | Capital | Debt Service |
| | | | (Including State Liquid Fuels) | Projects | |
| 361.00 | General Government..... | 104,803 | - | - | - |
| 362.00 | Public Safety..... | 94,853 | - | - | - |
| 363.20 | Parking..... | - | - | - | - |
| 363.00 | All Other Charges for Highway & Streets Services..... | 10,354 | - | - | - |
| 364.10 | Wastewater/Sewage Charges..... | - | - | - | - |
| 364.30 | Solid Waste Collection & Disposal Charge (trash)..... | - | - | - | - |
| 364.60 | Host Municipality Benefit Fee for Solid Waste Facility..... | - | - | - | - |
| 364.00 | All Other Charges for Sanitation Services..... | 501 | - | - | - |
| 365.00 | Health..... | - | - | - | - |
| 366.00 | Human Services..... | - | - | - | - |
| 367.00 | Culture and Recreation..... | 142,164 | - | - | - |
| 368.00 | Airports..... | - | - | - | - |
| 369.00 | Bars..... | - | - | - | - |
| 370.00 | Cemeteries..... | - | - | - | - |
| 372.00 | Electric System..... | - | - | - | - |
| 373.00 | Gas System..... | - | - | - | - |
| 374.00 | Housing System..... | - | - | - | - |
| 375.00 | Markets..... | - | - | - | - |
| 377.00 | Transit Systems..... | - | - | - | - |
| 378.00 | Water System..... | - | - | - | - |
| 379.00 | All Other Charges for Service..... | - | - | - | - |
| TOTAL CHARGES FOR SERVICE..... | | 352,675 | - | - | - |

| UNCLASSIFIED OPERATING REVENUES | | | | | |
|---|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 383.00 | Assessments..... | 623,320 | - | - | - |
| 386.00 | Escheats (sale of personal property)..... | - | - | - | - |
| 387.00 | Contributions & Donations from Private Sectors..... | 21,972 | - | - | - |
| 388.00 | Fiduciary Fund Pension Contributions..... | | | | |
| 389.00 | All Other Unclassified Operating Revenues***..... | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING REVENUES..... | | 645,292 | - | - | - |

| OTHER FINANCING SOURCES | | | | | |
|---|--|------------------|----------|------------------|----------|
| 391.00 | Proceeds of General Fixed Asset Disposition..... | 34,119 | - | - | - |
| 392.00 | Interfund Operating Transfers**..... | 1,596,867 | - | 1,081,604 | - |
| 393.00 | Proceeds of General Long-Term Debt..... | - | - | - | - |
| 394.00 | Proceeds of Short-Term Debt..... | - | - | - | - |
| 395.00 | Refunds of Prior Year Expenditures..... | 71,752 | - | - | - |
| TOTAL OTHER FINANCING SOURCES..... | | 1,702,738 | - | 1,081,604 | - |

| | | | | |
|----------------------------|------------------|----------------|------------------|----------|
| TOTAL REVENUES..... | 6,079,975 | 553,866 | 1,086,084 | - |
|----------------------------|------------------|----------------|------------------|----------|

** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| REVENUES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|--|---|-------------------|------------------|------------------|------------------|
| CHARGES FOR SERVICE | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| 361.00 | General Government..... | - | - | - | 104,803 |
| 362.00 | Public Safety..... | - | - | - | 94,853 |
| 363.20 | Parking..... | - | - | - | - |
| 363.00 | All Other Charges for Highway & Streets Services..... | - | - | - | 10,354 |
| 364.10 | Wastewater/Sewage Charges..... | 1,672,488 | - | - | 1,672,488 |
| 364.30 | Solid Waste Collection & Disposal Charge (trash)..... | 397,439 | - | - | 397,439 |
| 364.60 | Host Municipality Benefit Fee for Solid Waste Facility..... | - | - | - | - |
| 364.00 | All Other Charges for Sanitation Services..... | - | - | - | 501 |
| 365.00 | Health..... | - | - | - | - |
| 366.00 | Human Services..... | - | - | - | - |
| 367.00 | Culture and Recreation..... | - | - | - | 142,164 |
| 368.00 | Airports..... | - | - | - | - |
| 369.00 | Bars..... | - | - | - | - |
| 370.00 | Cemeteries..... | - | - | - | - |
| 372.00 | Electric System..... | - | - | - | - |
| 373.00 | Gas System..... | - | - | - | - |
| 374.00 | Housing System..... | - | - | - | - |
| 375.00 | Markets..... | - | - | - | - |
| 377.00 | Transit Systems..... | - | - | - | - |
| 378.00 | Water System..... | 1,817,528 | - | - | 1,817,528 |
| 379.00 | All Other Charges for Service..... | - | - | - | - |
| TOTAL CHARGES FOR SERVICE | | 3,887,455 | - | - | 4,240,130 |

| UNCLASSIFIED OPERATING REVENUES | | | | | |
|--|---|--------------|--------------|----------|----------------|
| 383.00 | Assessments..... | - | - | - | 623,320 |
| 386.00 | Escheats (sale of personal property)..... | - | - | - | - |
| 387.00 | Contributions & Donations from Private Sectors..... | - | - | - | 21,972 |
| 388.00 | Fiduciary Fund Pension Contributions..... | - | - | - | - |
| 389.00 | All Other Unclassified Operating Revenues***..... | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING REVENUES | | - | - | - | 645,292 |

| OTHER FINANCING SOURCES | | | | | |
|--|--|----------|----------|----------|------------------|
| 391.00 | Proceeds of General Fixed Asset Disposition..... | - | - | - | 34,119 |
| 392.00 | Interfund Operating Transfers**..... | - | - | - | 2,678,471 |
| 393.00 | Proceeds of General Long-Term Debt..... | - | - | - | - |
| 394.00 | Proceeds of Short-Term Debt..... | - | - | - | - |
| 395.00 | Refunds of Prior Year Expenditures..... | - | - | - | 71,752 |
| TOTAL OTHER FINANCING SOURCES | | - | - | - | 2,784,342 |

| | | | | |
|-----------------------------|------------------|----------|----------|-------------------|
| TOTAL REVENUES | 4,069,612 | - | - | 11,789,537 |
|-----------------------------|------------------|----------|----------|-------------------|

** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

| EXPENDITURES | | GOVERNMENTAL FUNDS | | | |
|--------------------------------------|---|---|----------|------------------|--------------|
| | | Special Revenue (Including State Liquid Fuels) | | | |
| GENERAL GOVERNMENT | | General Fund | | Capital Projects | Debt Service |
| 400.00 | Legislative (Governing) Body..... | 23,947 | - | 21,735 | - |
| 401.00 | Executive (Manager or Mayor)..... | 73,586 | - | - | - |
| 402.00 | Auditing Services/Financial Administration..... | 70,128 | - | - | - |
| 403.00 | Tax Collection..... | 24,620 | - | - | - |
| 404.00 | Solicitor/Legal Services..... | 22,173 | - | - | - |
| 405.00 | Secretary/Clerk..... | 108,028 | - | - | - |
| 406.00 | Other General Government Administration..... | 94,957 | - | - | - |
| 407.00 | IT-Networking Services-Data Processing..... | - | - | - | - |
| 408.00 | Engineering Services..... | 36,281 | - | - | - |
| 409.00 | General Government Buildings and Plant..... | 80,417 | - | - | - |
| TOTAL GENERAL GOVERNMENT..... | | 534,137 | - | 21,735 | - |

| PUBLIC SAFETY | | | | | |
|---------------------------------|--|------------------|----------|---------------|----------|
| 410.00 | Police..... | 2,269,420 | - | 7,963 | - |
| 411.00 | Fire..... | 170,166 | - | 9,483 | - |
| 412.00 | Ambulance/Rescue..... | - | - | - | - |
| 413.00 | UCC and Code Enforcement..... | 358,011 | - | - | - |
| 414.00 | Planning and Zoning..... | 5,792 | - | - | - |
| 415.00 | Emergency Management & Communications..... | 16,508 | - | - | - |
| 416.00 | Militia and Armories..... | - | - | - | - |
| 417.00 | Examination of Licensed Occupations..... | - | - | - | - |
| 418.00 | Public Scales (weights and measures)..... | - | - | - | - |
| 419.00 | Other Public Safety..... | - | - | - | - |
| TOTAL PUBLIC SAFETY..... | | 2,819,897 | - | 17,446 | - |

| HEALTH AND HUMAN SERVICES | | | | | |
|---------------------------|--------------------------------|---|---|---|---|
| 420.00-425.00 | Health and Human Services..... | - | - | - | - |

| PUBLIC WORKS - SANITATION | | | | | |
|---|--|----------|----------|----------|----------|
| 426.00 | Recycling Collection and Disposal..... | - | - | - | - |
| 427.00 | Solid Waste Collection and Disposal (trash)..... | - | - | - | - |
| 428.00 | Weed Control..... | - | - | - | - |
| 429.00 | Wastewater/Sewage Collection & Treatment..... | - | - | - | - |
| TOTAL PUBLIC WORKS - SANITATION..... | | - | - | - | - |

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| EXPENDITURES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|---------------------------------------|---|-------------------|------------------|------------------|-----------------|
| | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| GENERAL GOVERNMENT | | | | | |
| 400.00 | Legislative (Governing) Body..... | - | - | - | 45,682 |
| 401.00 | Executive (Manager or Mayor)..... | - | - | - | 73,586 |
| 402.00 | Auditing Services/Financial Administration..... | - | - | - | 70,128 |
| 403.00 | Tax Collection..... | - | - | - | 24,620 |
| 404.00 | Solicitor/Legal Services..... | - | - | - | 22,173 |
| 405.00 | Secretary/Clerk..... | - | - | - | 108,028 |
| 406.00 | Other General Government Administration..... | - | - | - | 94,957 |
| 407.00 | IT-Networking Services-Data Processing..... | - | - | - | - |
| 408.00 | Engineering Services..... | - | - | - | 36,281 |
| 409.00 | General Government Buildings and Plant..... | - | - | - | 80,417 |
| TOTAL GENERAL GOVERNMENT | | - | - | - | 555,872 |

| | | | | | |
|----------------------------------|--|---|---|---|-----------|
| PUBLIC SAFETY | | | | | |
| 410.00 | Police..... | - | - | - | 2,277,383 |
| 411.00 | Fire..... | - | - | - | 179,649 |
| 412.00 | Ambulance/Rescue..... | - | - | - | - |
| 413.00 | UCC and Code Enforcement..... | - | - | - | 358,011 |
| 414.00 | Planning and Zoning..... | - | - | - | 5,792 |
| 415.00 | Emergency Management & Communications..... | - | - | - | 16,508 |
| 416.00 | Militia and Armories..... | - | - | - | - |
| 417.00 | Examination of Licensed Occupations..... | - | - | - | - |
| 418.00 | Public Scales (weights and measures)..... | - | - | - | - |
| 419.00 | Other Public Safety..... | - | - | - | - |
| TOTAL PUBLIC SAFETY | | - | - | - | 2,837,343 |

| | | | | | |
|----------------------------------|--------------------------------|---|---|---|---|
| HEALTH AND HUMAN SERVICES | | | | | |
| 420.00-425.00 | Health and Human Services..... | - | - | - | - |

| | | | | | |
|--|--|-----------|---|---|-----------|
| PUBLIC WORKS - SANITATION | | | | | |
| 426.00 | Recycling Collection and Disposal..... | - | - | - | - |
| 427.00 | Solid Waste Collection and Disposal (garbage)..... | 363,865 | - | - | 363,865 |
| 428.00 | Weed Control..... | - | - | - | - |
| 429.00 | Wastewater/Sewage Collection & Treatment..... | 861,663 | - | - | 861,663 |
| TOTAL PUBLIC WORKS - SANITATION | | 1,225,528 | - | - | 1,225,528 |

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| EXPENDITURES | | GOVERNMENTAL FUNDS | | | |
|--|---|---|---------|------------------|--------------|
| | | Special Revenue (Including State Liquid Fuels) | | | |
| | | General Fund | | Capital Projects | Debt Service |
| PUBLIC WORKS - HIGHWAYS & STREETS | | | | | |
| 430.00 | General Services - Administration..... | 859,319 | - | - | - |
| 431.00 | Cleaning of Streets and Gutters..... | 6,658 | - | - | - |
| 432.00 | Winter Maintenance - Snow Removal..... | 27,114 | - | - | - |
| 433.00 | Traffic Control Devices..... | 23,723 | 11,972 | - | - |
| 434.00 | Street Lighting..... | - | 93,753 | - | - |
| 435.00 | Sidewalks and Crosswalks..... | - | - | - | - |
| 436.00 | Storm Sewers and Drains..... | - | - | - | - |
| 437.00 | Repairs of Tools and Machinery..... | - | - | - | - |
| 438.00 | Maintenance & Repairs of Roads & Bridges..... | 32,944 | - | 196,097 | - |
| 439.00 | Highway Construction and Rebuilding Projects..... | - | - | 64,848 | - |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS | | 949,758 | 105,725 | 260,945 | - |

| | | | | | |
|--|------------------------------------|-------|---|---|---|
| PUBLIC WORKS - OTHER SERVICES | | | | | |
| 440.00 | Airports..... | - | - | - | - |
| 441.00 | Cemeteries..... | - | - | - | - |
| 442.00 | Electric System..... | - | - | - | - |
| 443.00 | Gas System..... | - | - | - | - |
| 444.00 | Markets..... | - | - | - | - |
| 445.00 | Parking..... | - | - | - | - |
| 446.00 | Storm Water and Flood Control..... | 7,077 | - | - | - |
| 447.00 | Transit System..... | - | - | - | - |
| 448.00 | Water System..... | - | - | - | - |
| 449.00 | Water Transport and Terminals..... | - | - | - | - |
| TOTAL PUBLIC WORKS - OTHER SERVICES | | 7,077 | - | - | - |

| | | | | | |
|-------------------------------------|--|---------|---|--------|---|
| CULTURE AND RECREATION | | | | | |
| 451.00 | Culture-Recreation Administration..... | 47,624 | - | - | - |
| 452.00 | Participant Recreation..... | 231,955 | - | - | - |
| 453.00 | Spectator Recreation..... | - | - | - | - |
| 454.00 | Parks..... | - | - | - | - |
| 455.00 | Shade Trees..... | 27,259 | - | - | - |
| 456.00 | Libraries..... | - | - | - | - |
| 457.00 | Civil and Military Celebrations..... | - | - | - | - |
| 458.00 | Senior Citizens' Centers..... | - | - | - | - |
| 459.00 | All Other Culture and Recreation..... | - | - | 18,681 | - |
| TOTAL CULTURE AND RECREATION | | 306,838 | - | 18,681 | - |

| | | | | | |
|------------------------------------|--|---------|---|---|---|
| COMMUNITY DEVELOPMENT | | | | | |
| 461.00 | Conservation of Natural Resources..... | - | - | - | - |
| 462.00 | Community Development and Housing..... | 195,199 | - | - | - |
| 463.00 | Economic Development..... | - | - | - | - |
| 464.00 | Economic Opportunity..... | - | - | - | - |
| 465.00 - 469.00 | All Other Community Development..... | - | - | - | - |
| TOTAL COMMUNITY DEVELOPMENT | | 195,199 | - | - | - |

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| EXPENDITURES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|--|---|-------------------|------------------|------------------|-----------------|
| | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| PUBLIC WORKS - HIGHWAYS & STREETS | | | | | |
| 430.00 | General Services - Administration..... | - | - | - | 859,319 |
| 431.00 | Cleaning of Streets and Gutters..... | - | - | - | 6,658 |
| 432.00 | Winter Maintenance - Snow Removal..... | - | - | - | 27,114 |
| 433.00 | Traffic Control Devices..... | - | - | - | 35,695 |
| 434.00 | Street Lighting..... | - | - | - | 93,753 |
| 435.00 | Sidewalks and Crosswalks..... | - | - | - | - |
| 436.00 | Storm Sewers and Drains..... | - | - | - | - |
| 437.00 | Repairs of Tools and Machinery..... | - | - | - | - |
| 438.00 | Maintenance & Repairs of Roads & Bridges..... | - | - | - | 229,041 |
| 439.00 | Highway Construction and Rebuilding Projects..... | - | - | - | 64,848 |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS | | - | - | - | 1,316,428 |

| | | | | | |
|--|------------------------------------|---------|---|---|---------|
| PUBLIC WORKS - OTHER SERVICES | | | | | |
| 440.00 | Airports..... | - | - | - | - |
| 441.00 | Cemeteries..... | - | - | - | - |
| 442.00 | Electric System..... | - | - | - | - |
| 443.00 | Gas System..... | - | - | - | - |
| 444.00 | Markets..... | - | - | - | - |
| 445.00 | Parking..... | - | - | - | - |
| 446.00 | Storm Water and Flood Control..... | - | - | - | 7,077 |
| 447.00 | Transit System..... | - | - | - | - |
| 448.00 | Water System..... | 735,492 | - | - | 735,492 |
| 449.00 | Water Transport and Terminals..... | - | - | - | - |
| TOTAL PUBLIC WORKS - OTHER SERVICES | | 735,492 | - | - | 742,569 |

| | | | | | |
|-------------------------------------|--|---|---|---|---------|
| CULTURE AND RECREATION | | | | | |
| 451.00 | Culture-Recreation Administration..... | - | - | - | 47,624 |
| 452.00 | Participant Recreation..... | - | - | - | 231,955 |
| 453.00 | Spectator Recreation..... | - | - | - | - |
| 454.00 | Parks..... | - | - | - | - |
| 455.00 | Shade Trees..... | - | - | - | 27,259 |
| 456.00 | Libraries..... | - | - | - | - |
| 457.00 | Civil and Military Celebrations..... | - | - | - | - |
| 458.00 | Senior Citizens' Centers..... | - | - | - | - |
| 459.00 | All Other Culture and Recreation..... | - | - | - | 18,681 |
| TOTAL CULTURE AND RECREATION | | - | - | - | 325,519 |

| | | | | | |
|------------------------------------|--|---|---|---|---------|
| COMMUNITY DEVELOPMENT | | | | | |
| 461.00 | Conservation of Natural Resources..... | - | - | - | - |
| 462.00 | Community Development and Housing..... | - | - | - | 195,199 |
| 463.00 | Economic Development..... | - | - | - | - |
| 464.00 | Economic Opportunity..... | - | - | - | - |
| 465.00 - 469.00 | All Other Community Development..... | - | - | - | - |
| TOTAL COMMUNITY DEVELOPMENT | | - | - | - | 195,199 |

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| EXPENDITURES | | GOVERNMENTAL FUNDS | | | |
|--------------------------------|--|--|----------|---------------------|--------------|
| | | Special Revenue (Including State Liquid Fuels) | | | |
| | | General Fund | | Capital Projects | Debt Service |
| DEBT SERVICE | | | | | |
| 471.00 | Debt Principal (short-term and long-term)..... | 50,240 | - | 583,813 | - |
| 472.00 | Debt Interest (short-term and long-term)..... | 1,839 | - | 237,047 | - |
| 475.00 | Fiscal Agent Fees..... | - | - | - | - |
| TOTAL DEBT SERVICE..... | | 52,079 | - | 820,860 | - |

| | | | | | |
|--|---|----------------|----------|----------|----------|
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS | | | | | |
| 481.00 | Employer Paid Withholding Taxes and Unemployment Compensation..... | - | - | - | - |
| 482.00 | Judgments and Losses..... | - | - | - | - |
| 483.00 | Pension/Retirement Fund Contributions..... | 384,607 | - | - | - |
| 484.00 | Worker Compensation Insurance..... | - | - | - | - |
| 487.00 | Group Insurance and Other Benefits..... | 88,316 | - | - | - |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS..... | | 472,923 | - | - | - |

| | | | | | |
|------------------|--------------------------------------|---------|---|---|---|
| INSURANCE | | | | | |
| 486.00 | Insurance, Casualty, and Surety..... | 116,948 | - | - | - |

| | | | | | |
|---|---|----------|----------|----------|----------|
| UNCLASSIFIED OPERATING EXPENDITURES | | | | | |
| 488.00 | Fiduciary Fund Benefits and Refunds Paid..... | | | | |
| 489.00 | All Other Unclassified Expenditures*** | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES..... | | - | - | - | - |

| | | | | | |
|--|--------------------------------------|----------------|----------------|----------|----------|
| OTHER FINANCING USES | | | | | |
| 491.00 | Refund of Prior Year Revenues..... | - | - | - | - |
| 492.00 | Interfund Operating Transfers**..... | 555,640 | 437,617 | - | - |
| 493.00 | All Other Financing Uses..... | - | - | - | - |
| TOTAL OTHER FINANCING USES..... | | 555,640 | 437,617 | - | - |

| | | | | | |
|--------------------------------|--|------------------|----------------|------------------|----------|
| TOTAL EXPENDITURES..... | | 6,010,496 | 543,342 | 1,139,667 | - |
|--------------------------------|--|------------------|----------------|------------------|----------|

| | | | | | |
|--|--|---------------|---------------|-----------------|----------|
| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES..... | | 69,479 | 10,524 | (53,583) | - |
|--|--|---------------|---------------|-----------------|----------|

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

| EXPENDITURES | | PROPRIETARY FUNDS | | FIDUCIARY FUND | TOTAL |
|--------------------------------|--|-------------------|------------------|------------------|-----------------|
| | | Enterprise | Internal Service | Trust and Agency | Memorandum Only |
| DEBT SERVICE | | | | | |
| 471.00 | Debt Principal (short-term and long-term)..... | - | - | - | 634,053 |
| 472.00 | Debt Interest (short-term and long-term)..... | - | - | - | 238,886 |
| 475.00 | Fiscal Agent Fees..... | - | - | - | - |
| TOTAL DEBT SERVICE..... | | - | - | - | 872,939 |

| | | | | | |
|--|--|---|---|---|---------|
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS | | | | | |
| 481.00 | Employer Paid Withholding Taxes and Unemployment Compensation..... | - | - | - | - |
| 482.00 | Judgments and Losses..... | - | - | - | - |
| 483.00 | Pension/Retirement Fund Contributions..... | - | - | - | 384,607 |
| 484.00 | Worker Compensation Insurance..... | - | - | - | - |
| 487.00 | Group Insurance and Other Benefits..... | - | - | - | 88,316 |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS..... | | - | - | - | 472,923 |

| | | | | | |
|------------------|--------------------------------------|---|---|---|---------|
| INSURANCE | | | | | |
| 486.00 | Insurance, Casualty, and Surety..... | - | - | - | 116,948 |

| | | | | | |
|---|---|---|---|---|---|
| UNCLASSIFIED OPERATING EXPENDITURES | | | | | |
| 488.00 | Fiduciary Fund Benefits and Refunds Paid..... | | | - | - |
| 489.00 | All Other Unclassified Expenditures***..... | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES..... | | - | - | - | - |

| | | | | | |
|--|--------------------------------------|-----------|---|---|-----------|
| OTHER FINANCING USES | | | | | |
| 491.00 | Refund of Prior Year Revenues..... | - | - | - | - |
| 492.00 | Interfund Operating Transfers**..... | 1,685,214 | - | - | 2,678,471 |
| 493.00 | All Other Financing Uses..... | - | - | - | - |
| TOTAL OTHER FINANCING USES..... | | 1,685,214 | - | - | 2,678,471 |

| | | | | | |
|--------------------------------|--|-----------|---|---|------------|
| TOTAL EXPENDITURES..... | | 3,646,234 | - | - | 11,339,739 |
|--------------------------------|--|-----------|---|---|------------|

| | | | | | |
|--|--|---------|---|---|---------|
| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES..... | | 423,378 | - | - | 449,798 |
|--|--|---------|---|---|---------|

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

DCED-CLGS-30 (09-15)

2018 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | DEBT STATEMENT

| Purpose | Bond (B) Note (N) | Issue Date (year) | Maturity Date (year) | Original Amount of Issue | Outstanding Beginning of Year | Principal Incurred This Year (Additions) | Principal Paid This Year | Current Year Accretion of Compound Interest Bonds | Outstanding Year End | Plus (less) Unamortized Premium (Discount) | Total Balance |
|--|----------------------|----------------------|-------------------------|-----------------------------|-------------------------------------|--|-----------------------------|---|-------------------------|--|---------------|
| GENERAL OBLIGATION BONDS AND NOTES | | | | | | | | | | | |
| Series of 2005 | N | 2005 | 2031 | 1,880,000 | 1,182,387 | - | 70,416 | - | 1,111,971 | - | \$ 1,111,971 |
| Series of 2008 | N | 2008 | 2019 | 3,484,000 | 750,000 | - | 369,000 | - | 381,000 | - | \$ 381,000 |
| Series of 2016 | B | 2016 | 2032 | 7,655,000 | 7,645,000 | - | 100,000 | - | 7,545,000 | - | \$ 7,545,000 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| REVENUE BONDS AND NOTES | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| LEASE RENTAL DEBT/GENERAL LEASES | | | | | | | | | | | |
| Street Sweeper | | 2018 | 2021 | 243,700 | 190,414 | - | 44,397 | - | 146,017 | - | \$ 146,017 |
| | | | | | | | | | | | |
| OTHER | | | | | | | | | | | |
| Equipment Loan | | 2006 | 2026 | 200,000 | 96,652 | - | 10,302 | - | 86,350 | - | \$ 86,350 |
| Berks County Radio Loan | | 2012 | 2019 | 146,109 | 41,743 | - | 20,872 | - | 20,871 | - | \$ 20,871 |
| Berks County Radio Loan | | 2012 | 2019 | 4,560 | 1,305 | - | 652 | - | 653 | - | \$ 653 |
| Berks County Radio Loan | | 2012 | 2019 | 7,707 | 2,202 | - | 1,101 | - | 1,101 | - | \$ 1,101 |
| Berks County Radio Loan | | 2012 | 2019 | 2,254 | 644 | - | 322 | - | 322 | - | \$ 322 |
| Berks County Radio Loan | | 2012 | 2019 | 118,933 | 33,981 | - | 16,991 | - | 16,990 | - | \$ 16,990 |
| Total bonds and notes outstanding..... | | | | | | | | | | \$ | 9,037,971 |
| Capitalized lease obligations..... | | | | | | | | | | | 146,017 |
| Other debt..... | | | | | | | | | | | 126,287 |
| TOTAL OUTSTANDING DEBT..... | | | | | | | | | | \$ | 9,310,275 |

STATEMENT OF CAPITAL EXPENDITURES

| CATEGORY: | Capital Purchases | Capital Construction | Total |
|----------------------------|------------------------------|---------------------------------|--------------|
| Community Development..... | - | - | - |
| Electric..... | - | - | - |
| Fire..... | - | - | - |
| Gas System..... | - | - | - |
| General Government..... | 12,206 | - | 12,206 |
| Health..... | - | - | - |
| Housing..... | - | - | - |
| Libraries..... | - | - | - |
| Mass Transit..... | - | - | - |
| Parks..... | - | - | - |
| Police..... | 56,544 | - | 56,544 |
| Recreation..... | 8,794 | - | 8,794 |
| Sewer..... | 5,000 | - | 5,000 |
| Solid Waste..... | - | - | - |
| Streets/Highways..... | 12,956 | - | 12,956 |
| Water..... | 22,494 | - | 22,494 |
| Other (Please specify) | - | - | - |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

TOTAL CAPITAL EXPENDITURES* \$ 117,994

*Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment).

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year
(including all employees and elected officials)** \$ 2,416,179

** Use income from box 16 of the W-3 Statement

SUPPLEMENTARY INFORMATION

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM A - NATURE OF ACTIVITY

The Borough of West Reading, Berks County, Pennsylvania (the "Borough"), which was founded and incorporated in 1907, has an approximate population of 4,200, based on a 2010 census report, living within an area of one square mile. The Borough is in the southeastern portion of the Commonwealth of Pennsylvania and is located in the County of Berks.

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to the modified cash basis method of accounting as applicable to governmental units. The following is a summary of the more significant accounting policies used by the Borough.

Reporting Entity

The Borough is a Pennsylvania Municipal Corporation which operates under a Council-Mayor form of government. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of the management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. The component units as determined under the above criteria and as discussed below are not included in the Borough's reporting entity as these financial statements include only the modified cash activities of the primary government.

Individual Component Unit Disclosures

West Reading Community Revitalization Foundation - The West Reading Community Revitalization Foundation is a nonprofit corporation organized for the purpose of facilitating the streetscape rehabilitation, design and construction within the Borough to promote business activity and preserve the historical continuity of properties within the Borough's Neighborhood Improvement District. Although it is legally separate from the Borough, the West Reading Community Revitalization Foundation is a component unit of the Borough.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations

Western Berks Water Authority - The Borough, in conjunction with the Boroughs of Shillington and Wyomissing, has created the Western Berks Water Authority. The Western Berks Water Authority's Board is composed of two members from each of the municipalities. The primary purpose of the Western Berks Water Authority is to provide water utilities to the member municipalities.

Joint Municipal Authority of Wyomissing Valley - The Borough, in conjunction with the Borough of Wyomissing, has created the Joint Municipal Authority of Wyomissing Valley. The Joint Municipal Authority of Wyomissing Valley's Board is composed of three members from each of the municipalities. The primary purpose of the Joint Municipal Authority of Wyomissing Valley is to provide sewer utilities to the member municipalities.

Western Berks Refuse Authority - The Borough, in conjunction with the Boroughs of Kenhorst, Mohnton, Shillington, Wyomissing and the Townships of Cumru and Spring, has created the Western Berks Refuse Authority. The Western Berks Refuse Authority's Board is composed of one member from each of the municipalities. The primary purpose of the Authority was to provide collection, removal and disposal of refuse materials by incineration, landfill, or other methods to the member municipalities. During 2018, the Borough approved a resolution (Resolution 2018-2) to consent to termination of the Authority.

Basis of Presentation

The accounts of the Borough are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds of the Borough are grouped in the primary government financial statements in this report as follows.

Governmental Fund Types - Governmental Funds are those through which most governmental functions of the Borough are financed. The acquisition, use and balance of the Borough's expendable financial resources and the related liabilities (except those accounted for in the proprietary funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are the Borough's Governmental Fund Types:

- **General Fund** - The General Fund is the primary operating fund of the Borough. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The principal activities accounted for in the General Fund are general government, public safety, public works, community development, culture and recreation and debt service. These activities are funded principally by property taxes, earned income taxes, business privilege taxes, local services taxes and licenses and permits.
- **Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a Special Revenue Fund. The reporting entity includes the following Special Revenue Fund:
 - State Liquid Fuels Highway Aid Fund - The State Liquid Fuels Highway Aid Fund is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with the fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

The Borough also levies a Fire Equipment and Firehouse special purpose real estate tax, as well as a Roads special purpose real estate tax. The real estate tax revenue and the transfer of these revenues to the General Fund are also reflected in the Special Revenue Fund.

- **Capital Projects Funds** - The Capital Projects Funds are used to account for and report financial resources to be used for the acquisition or construction and maintenance of major capital assets. The reporting entity includes the following Capital Projects Funds:
 - Capital Reserve Fund - The Capital Reserve Fund is used to account for budgetary transfers from the general and utility funds to be used to replace major equipment as needed. The Fund also accounts for the payment of principal and interest on the General Obligation Bonds, Series of 2005, 2008 and 2016, as well as the cost of certain capital projects.
 - Special Reserve Fund - The Special Reserve Fund is used to account for budgetary transfers from the general and utility funds to be used for special projects approved by Council as needed. The fund also accounts for the special purpose real estate taxes for Firehouse, Fire Equipment and Roads that are transferred in from the General Fund.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

- **Enterprise Funds** - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The measurement focus is upon determination of net income. The reporting entity includes the following Enterprise Funds:
 - **Water Fund** - is used to account for operations of the water distribution system. The water distribution system is a public utility service which is maintained on a self-supporting basis.
 - **Sewer Fund** - is used to account for the operation of the liquid waste collection system which is operated as a public utility and is not included as a regular function in the General Fund.
 - **Sanitation Fund** - is used to account for the operation of the solid waste collection system which is operated as a public utility and is not included as a regular function in the General Fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the primary government financial statements.

Modified Cash Basis

The Borough's policy is to prepare its financial statements on a modified cash basis under which only revenues collected and expenditures paid and intergovernmental due to and due from receivables and payables are record. Under this basis, revenue is recognized when collected rather than when earned and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, other receivables, other payables, inventories, long-lived assets, accrued income and expenses and amortization and depreciation, which may be material in amount, are not reflected in the accompanying primary government financial statements, which are not intended to present the financial position, results of operation or cash flows in conformity with accounting principles generally accepted in the United States of America.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for on a spending or “financial flow” measurement focus. Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net position.

Proprietary Funds and Nonexpendable Trust Funds are accounted for on a cost of services or “capital maintenance” measurement focus. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statement presents increased (revenues) and decreases (expenses) in equity.

Cash

The Borough considers all accounts which are not subject to withdrawal restriction or penalties to be cash.

The Borough pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various certificates of deposit.

For the purpose of financial reporting, cash includes all demand and saving accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Due To and From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Purchased capital assets are recorded as expenditures in the Governmental Fund Types. Proprietary Fund Type capital assets are recorded as expenditures in the fund in which it is utilized. Infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are recorded as expenditures in the fund types expending the funds.

Long-Term Debt

Debt proceeds from issuance of long-term debt are reported as other financing sources, and the payment of principal and interest is reported as expenditures in the fund financial statements. Debt service expenditures are recognized in the period paid.

Compensated Absences

Compensated absences for vacation and sick leave are recorded when paid.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity

Fund balances of Governmental Fund Types are nonexpendable trust funds are classified in two separate categories. The categories and their general meanings are as follows:

- **Restricted Fund Balance** - Consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors or law and regulations of other governments, or (b) law through constitutional provision or enabling legislation.
- **Unrestricted Fund Balance** - All other net position that does not meet the definition of "restricted." These assets are available for appropriation and expenditure in future periods.

It is the Borough's policy to first use restricted net position prior to the use of unrestricted net position when expenditure is incurred for purposes for which both reserved and unreserved fund balances are available.

Program Revenues

All revenues are recognized when received.

Property Taxes

The Borough is permitted by state law to levy taxes up to 30 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Borough for 2018 was 8.85 mills, consisting of 6.25 mills for general purposes, 2.1 mills for fire purposes, and 0.50 mills for roads, as established by the Borough Council. Current tax collections for the Borough were approximately 98% of the total tax levy.

The Borough's real estate taxes are based on assessed values established by the County of Berks Board of Assessments. The taxes are collected by an elected local tax collector. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of 2% is applied to payments made prior to April 30. A penalty of 10% is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County of Berks Tax Claim Bureau is made by January 15 of the subsequent year.

Intergovernmental Revenues

Intergovernmental revenues represent revenues received from the Commonwealth of Pennsylvania, federal agencies and local governmental units, generally to fund specific programs and are recognized when received.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures/Expenses

Expenditures and expenses are recognized when paid.

Internal and Interfund Balances and Activities

Interfund activity, if any, within and among the Governmental and Proprietary Fund categories is reported as follows in the financial statements:

- **Interfund Services** - Sales or purchases of goods and services between funds are reported as revenues and expenditures.
- **Interfund Reimbursements** - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transaction that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund as reduction of expenditures/expenses in the fund that is reimbursed.
- **Interfund Transfers** - All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

ITEM C - BUDGET MATTERS

The Borough Council annually adopts the budget for the General Fund, State Liquid Fuels Highway Aid Fund, Capital Reserve Fund, Special Reserve Fund, Water Fund, Sewer Fund and Sanitation Fund. Budgetary control is legally maintained at the fund level.

The Borough Code provides for the modification of the budget and supplemental appropriations and transfers.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the financial statements.

Budget amounts are not presented in the accompanying financial statements.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM D - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Provisions

The Borough had no material violations of finance-related legal and contractual provisions.

ITEM E - DEPOSITS

The Borough's available cash is invested in demand deposit accounts, savings accounts and certificates of deposit.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Borough's deposits may not be returned. The Pennsylvania Government Code and the Borough's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: Pennsylvania Act 72 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The Borough has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository in insurance.

At December 31, 2018, the carrying amount of the Borough's bank deposits was \$2,524,133, and the corresponding bank balances were \$2,536,875 of which \$264,975 was covered by Federal Depository Insurance and \$805,276 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Borough's name. The remaining \$1,466,624 was uninsured and uncollateralized deposits held in a state investment pool (PLGIT).

ITEM F - LONG-TERM DEBT

| | Balance Outstanding December 31, 2017 | Additions | Payments | Balance Outstanding December 31, 2018 |
|--|--|-----------|--------------|--|
| General Obligation Note, Series of 2005, initial issue \$1,880,000, interest rates ranging from 3.95% to 6.50% per annum to November 2031 | \$ 1,182,387 | \$ - | \$ (70,416) | \$ 1,111,971 |
| General Obligation Note, Series of 2008, initial issue \$3,484,000, fixed rate of interest at 3.40% per annum to March 2019 | 750,000 | - | (369,000) | 381,000 |
| SUBTOTAL FORWARD | \$ 1,932,387 | \$ - | \$ (439,416) | \$ 1,492,971 |

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM F - LONG-TERM DEBT (Continued)

| | Balance Outstanding December 31, 2017 | Additions | Payments | Balance Outstanding December 31, 2018 |
|---|--|-------------|---------------------|--|
| SUBTOTAL FORWARDED | \$ 1,932,387 | \$ - | \$ (439,416) | \$ 1,492,971 |
| General Obligation Bonds, Series of 2016, initial issue \$7,655,000, interest rates ranging from 0.60% to 3.0% per annum to October 2032 | 7,645,000 | - | (100,000) | 7,545,000 |
| Installment payment agreement, due in monthly payments of \$1,012, including interest at 2.00% to October 2026 | 96,652 | - | (10,302) | 86,350 |
| Loan payable to the County of Berks, annual payments of \$20,873, without interest, to June 2019 | 41,743 | - | (20,872) | 20,871 |
| Loan payable to the County of Berks, annual payments of \$651, without interest, to June 2019 | 1,305 | - | (652) | 653 |
| Loan payable to the County of Berks, annual payments of \$1,101, without interest to June 2019 | 2,202 | - | (1,101) | 1,101 |
| Loan payable to the County of Berks, annual payments of \$322, without interest, to June 2019 | 644 | - | (322) | 322 |
| Loan payable to the County of Berks, annual payments of \$16,991, without interest, to June 2019 | 33,981 | - | (16,991) | 16,990 |
| | <u>\$ 9,753,914</u> | <u>\$ -</u> | <u>\$ (589,656)</u> | <u>\$ 9,164,258</u> |

Total interest expense for the year ended December 31, 2018, was \$229,997.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM F - LONG-TERM DEBT (Continued)

Aggregate maturities required on long-term debt at December 31, 2018, are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|-------------------------------------|---------------------|---------------------|-------------------------------|
| 2019 | \$ 656,147 | \$ 213,204 | \$ 869,351 |
| 2020 | 630,899 | 202,045 | 832,944 |
| 2021 | 639,114 | 190,654 | 829,768 |
| 2022 | 647,454 | 178,964 | 826,418 |
| 2023 | 650,923 | 164,495 | 815,418 |
| 2024 to 2028 | 3,397,239 | 650,412 | 4,047,651 |
| 2029 to 2032 | <u>2,542,482</u> | <u>189,009</u> | <u>2,731,491</u> |
| | <u>\$ 9,164,258</u> | <u>\$ 1,788,783</u> | <u>\$ 10,953,041</u> |

Bond principal and interest payments are paid from the General Fund and Capital Reserve Fund. Installment lease principal and interest payments are made from the General Fund.

Substantially all of the Borough's assets are pledged as collateral for the long-term debt.

ITEM G - CAPITAL LEASE

The Borough leases certain equipment under capital lease arrangements.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2018.

| <u>Year Ending December 31,</u> | |
|--|-------------------|
| 2019 | \$ 53,286 |
| 2020 | 53,286 |
| 2021 | <u>53,286</u> |
| TOTAL MINIMUM LEASE PAYMENTS | 159,858 |
| Amount representing interest | <u>(13,841)</u> |
| PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS | <u>\$ 146,017</u> |

The gross value of this equipment is \$243,700 with accumulated depreciation of \$24,370.

BOROUGH OF WEST READING**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2018**

ITEM H - INTERFUND TRANSFERS AND BALANCES

Transfers between funds for the year ended December 31, 2018, were as follows:

| | Transfers In/From <u>Other Funds</u> | Transfers Out/To <u>Other Funds</u> |
|------------------------|--|---|
| General Fund | \$ <u>1,596,867</u> | \$ <u>555,640</u> |
| Special Revenue | <u>-</u> | <u>437,617</u> |
| Capital Projects Funds | | |
| Capital Reserve Fund | 958,295 | - |
| Special Reserve Fund | <u>123,309</u> | <u>-</u> |
| | <u>1,081,604</u> | <u>-</u> |
| Enterprise Funds | | |
| Sewer Fund | - | 720,026 |
| Water Fund | - | 919,688 |
| Sanitation Fund | <u>-</u> | <u>45,500</u> |
| | <u>-</u> | <u>1,685,214</u> |
| | \$ <u><u>2,678,471</u></u> | \$ <u><u>2,678,471</u></u> |

There were no interfund balances between funds as of December 31, 2018.

ITEM I - DEFINED BENEFIT PENSION PLANS

The Borough administers and contributes to two defined benefit pension plans: the Borough of West Reading Police Pension Plan and the Borough of West Reading Nonuniformed Employees' Pension Plan. The assets of the plans are invested separately and each Plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Valuation of Investments

All investments of the pension plans are reported at fair value based on quoted market values. Investments that do not have an established market value are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Plan Descriptions and Contribution Information

Borough of West Reading Police Pension Plan

Plan Description - The Borough of West Reading Police Pension Plan is a single-employer defined benefit pension plan. The plan participates in the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSAB-MRT) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The Borough of West Reading Police Pension Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Borough receives from PSAB-MRT a publicly available financial report that includes financial statements and required supplementary information for the Borough of West Reading Police Pension Plan.

Contributions - The authority under which obligations to contribute to the Police Pension Plan by the Plan members, employer and other contributing entities is established or may be amended include Act 600 and Act 205 (the "Act") of the Commonwealth of Pennsylvania. The Act requires that annual contributions be based upon the calculation of the minimum municipal obligation (MMO). The MMO is based upon the biennial actuarial valuation. In accordance with Act 205, the Borough was required to contribute \$342,010 to the Plan for the year 2018. The Borough's actual contribution for the Plan year 2018 was \$342,010.

Plan Membership

As of December 31, 2018, membership consisted of:

| | |
|--|------------------|
| Inactive plan members currently receiving benefits | 9 |
| Inactive plan members entitled to but not yet receiving benefits | 2 |
| Active plan members | <u>13</u> |
| TOTAL | <u>24</u> |

Benefits Provided

The following is a summary of the Plan benefit provisions:

- **Eligibility Requirements:**
 - Normal Retirement: Age 50 and 25 years of service.
 - Early Retirement: 20 years of service (Act 24).
 - Vesting: 100% after 12 years of service.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

- Retirement Benefit: 50% of final 36 month average compensation plus \$20/month for each year of service in excess of 25 not to exceed \$100/month.
- Survivor Benefit: Killed-in-Service (Act 51): In the event of the death of a retired officer, the survivor would receive 50% of the pension the member was receiving. Vested - Refund of contribution with interest or 50% of vested benefit payable beginning at officer's superannuation retirement date.
- Disability Benefit Service Related: 50% of salary offset by social security disability benefits.
- Post Retirement Adjustments: None.
- Act 44 Deferred Retirement Option Program: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months.
- Members Contributions:
 - Amount or Rate: 5%
 - Interest Rate Credited to Member Contributions: 5%

Financial Requirement and Minimum Municipal Obligation Budget for 2018:

| | |
|---|-------------------|
| Total annual payroll | \$ 1,265,520 |
| Normal cost as a percentage of payroll | 14.47% |
| Total normal cost | \$ 183,121 |
| Estimated administrative expenses | 20,026 |
| Amortization contribution | 208,467 |
| Estimated members' contributions | (69,604) |
| Minimum municipal obligation | 342,010 |
| Less actual state aid deposited into plan | <u>(196,744)</u> |
| REQUIRED MUNICIPAL OBLIGATION | <u>\$ 145,266</u> |

BOROUGH OF WEST READING
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Three-Year Funding Trend

| <u>Year Ended December 31,</u> | <u>Annual Pension Cosit (APC)</u> | <u>Percentage of APC Contributed</u> |
|------------------------------------|---|--|
| 2016 | \$ 197,361 | 100% |
| 2017 | 209,075 | 124% |
| 2018 | 342,010 | 100% |

Deposits and Investments

The deposits and investments of the Plan are held separately from those of the Borough and are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

Deposits

The Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2018.

Investments

As of December 31, 2018, the Plan's investment balances were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity</u> |
|------------------------|-------------------|-----------------|
| PSABMRT | \$ 3,442,203 | Not applicable |

Investment Policy Summary

The Plan's investment policy has been delegated to the PSABMRT in regard to the allocation of invested Plan assets. The investment policy is established and may be amended by the PSABMRT Board of Trustees. The PSABMRT provides two investment options - the Balanced Fund and the Fixed Income Fund. The investment objective of the Balanced Fund is long-term growth and income expected to earn returns comprised of long-term capital appreciation and substantial current income. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

The Balanced Fund's investment policy establishes the following target allocation across asset classes:

| Asset Class | Target Allocation |
|---------------------------|----------------------|
| US Large Cap Growth | 18.50% |
| US Large Cap Value | 18.50% |
| US Small & Mid Cap Value | 6.00% |
| US Small & Mid Cap Growth | 2.00% |
| International Equity | 14.00% |
| Emerging Markets Equity | 1.00% |
| US Fixed Income | 35.00% |
| Private Real Estate | 5.00% |
| Cash | 0.00% |
| TOTAL | 100.00% |

The expected real rate of return, excluding an inflation expectation of 2.25%: 4.65%

Long-term expected rate of return (including inflation): 6.90%

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2018, are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -4.62% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk, Concentration of Credit Risk, Foreign Currency Risk

The Plan held no investments that were exposed to custodial credit risk, concentration of credit risk, or foreign currency risk as of December 31, 2018.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Investments in mutual funds, 2a7 like external investment pools are excluded from this requirement. The PSABMRT's formal investment policy states that the portfolio maintained in the Balanced Fund shall be broadly diversified by maturity with the maximum effective maturity of any single security not to exceed 40 years. For the Fixed Income Fund, the portfolio shall be limited to intermediate maturity instruments with effective maturities not to exceed 15 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PSABMRT is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Morningstar, Inc. (Morningstar) or Moody's Investor Services (Moody's), however, PSABMRT's formal investment policy requires that any fixed income security maintained within its portfolio should be rated "BBB-" or higher at the time of purchase by a NRSRO. Asset backed securities, mortgage backed securities, and collateralized mortgage obligations (CMOs) should be rated "AAA" (or its equivalent) at the time of purchase by a NRSRO.

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2018 were as follows:

| | |
|--|---------------------|
| Total pension liability (TPL) | \$ 6,149,072 |
| Plan fiduciary net position | <u>3,589,924</u> |
| Net pension liability (NPL) | <u>\$ 2,559,148</u> |
| Plan fiduciary net position of the total pension liability | 58.4% |

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2018. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as described below:

December 31, 2018 Liabilities

| | |
|-------------------------------|--|
| Actuarial valuation date | January 1, 2017 |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar |
| Remaining amortization period | 12 years |
| Asset valuation method | Smoothing per Section 210(a) of Act 44 |

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Assumptions:

| | |
|---------------------------|--|
| Inflation | 2.25% |
| Salary increases | 5.00% |
| Investment rate of return | 8.00% (Net of pension plan investment expense including inflation) |
| Retirement age | 50 |

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the plan's anticipated investment returns.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate.

| | 1% Decrease 7.00% | Current Discount Rate 8.00% | 1% Increase 9.00% |
|-----------------------|----------------------|-----------------------------------|----------------------|
| Net pension liability | \$ 3,306,624 | \$ 2,559,148 | \$ 1,933,724 |

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Borough of West Reading Nonuniformed Employees' Pension Plan

Plan Description - The Borough of West Reading Nonuniformed Employees' Pension Plan is a single-employer defined benefit pension plan administered by the Borough. The plan participates in the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSAB-MRT) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The Borough of West Reading Nonuniformed Employees' Pension Plan provides retirement, disability and death benefits to Plan members and beneficiaries. The Borough receives from PSAB-MRT a publicly available financial report that includes financial statements and required supplementary information for the Borough of West Reading Police Pension Plan. This plan was frozen at the end of 2014 with the creation of a new defined contribution plan for nonuniformed employees.

Contributions - The authority under which obligations to contribute to the Nonuniformed Employees' Pension Plan by the Plan members, employer and other contributing entities is established or may be amended include Act 600 and Act 205 (the "Act") of the Commonwealth of Pennsylvania. The Act requires that annual contributions be based upon the calculation of the minimum municipal obligation (MMO). The MMO is based upon the biennial actuarial valuation. In accordance with Act 205, the Borough had no contribution requirement to the Plan for the year 2018.

Plan Membership

As of December 31, 2018, membership consisted of:

| | |
|--|------------------|
| Inactive plan members currently receiving benefits | 6 |
| Inactive plan members entitled to but not yet receiving benefits | 22 |
| Active plan members | <u>-</u> |
| TOTAL | <u>28</u> |

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement: Age 65.
 - Early Retirement: Age 55 with 10 or more years of service.
 - Vesting: As of 12/31/14, all members are 100% vested; plan is now frozen
- *Retirement Benefit:* 1.65% times average monthly compensation times years of benefit service. Average monthly compensation is based on the final 60 consecutive months of employment.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

- Survivor Benefit: A death benefit for a vested married participant payable in the form of a Pre-Retirement Survivor Annuity. Such annuity payments shall be equal to the amount that would be payable as a survivor annuity under the joint and survivor annuity provisions of the plan.
- Disability Benefit Service & Non-Service Related: Monthly benefit payable until the earliest of retirement, death or recovery, and a deferred annuity payable at normal retirement age. The amount is equal to the accrued benefit on the date of disability.
- Post Retirement Adjustments: None.
- Members Contributions:
 - Amount or Rate: None
 - Interest Rate Credited to Member Contributions: None

Financial Requirement and Minimum Municipal Obligation Budget for 2018:

| | | |
|---|----|-------------|
| Total annual payroll | \$ | - |
| Normal cost as a percentage of payroll | | 0.00% |
| Total normal cost | \$ | - |
| Estimated administrative expenses | | 16,012 |
| Funding adjustment | | (88,071) |
| Minimum municipal obligation | | - |
| Less actual state aid deposited into plan | | - |
| | | <hr/> |
| REQUIRED MUNICIPAL OBLIGATION | \$ | <hr/> <hr/> |

Three-Year Funding Trend

| <u>Year Ended December 31,</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------------------|--|--|---------------------------------------|
| 2016 | \$ 21,978 | 100% | \$ - |
| 2017 | - | N/A | - |
| 2018 | - | N/A | - |

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Deposits and Investments

The deposits and investments of the Plan are held separately from those of the Borough and are under the control of the Plan's Borough Council and are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

Deposits

The Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2018.

Investments

As of December 31, 2018, the Plan's investment balances were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity</u> |
|------------------------|-------------------|-----------------|
| PSABMRT | \$ 2,103,557 | Not applicable |

Investment Policy Summary

The Plan's investment policy has been delegated to the PSABMRT in regards to the allocation of invested Plan assets. The investment policy is established and may be amended by the PSABMRT Board of Trustees. The PSABMRT provides two investment options - the Balanced Fund and the Fixed Income Fund. The investment objective of the Balanced Fund is long-term growth and income expected to earn returns comprised of long-term capital appreciation and substantial current income. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

The Balanced Fund's investment policy establishes the following target allocation across asset classes:

| Asset Class | Target Allocation |
|----------------------------------|----------------------|
| US Large Cap Growth | 18.50% |
| US Large Cap Value | 18.50% |
| US Small & Mid Cap Value | 6.00% |
| US Small & Mid Cap Growth | 2.00% |
| International Equity | 14.00% |
| US Fixed Income | 1.00% |
| Domestic Equity Small Cap Growth | 35.00% |
| Private Real Estate | 5.00% |
| Cash | 0.00% |
| | <hr/> |
| TOTAL | 100.00% |

The expected real rate of return, excluding an inflation expectation of 2.25%: 4.65%

Long-term expected rate of return (including inflation): 6.90%

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2018 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2018, are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -4.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk, Concentration of Credit Risk, Foreign Currency Risk

The Plan held no investments that were exposed to custodial credit risk, concentration of credit risk, or foreign currency risk as of December 31, 2018.

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Investments in mutual funds, 2a7 like external investment pools are excluded from this requirement. The PSABMRT's formal investment policy states that the portfolio maintained in the Balanced Fund shall be broadly diversified by maturity with the maximum effective maturity of any single security not to exceed 40 years. For the Fixed Income Fund, the portfolio shall be limited to intermediate maturity instruments with effective maturities not to exceed 15 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PSABMRT is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Morningstar, Inc. (Morningstar) or Moody's Investor Services (Moody's), however, PSABMRT's formal investment policy requires that any fixed income security maintained within its portfolio should be rated "BBB-" or higher at the time of purchase by a NRSRO. Asset backed securities, mortgage backed securities, and collateralized mortgage obligations (CMOs) should be rated "AAA" (or its equivalent) at the time of purchase by a NRSRO.

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2018 were as follows:

| | |
|--|---------------------|
| Total pension liability (TPL) | \$ 1,271,579 |
| Plan fiduciary net position | <u>2,108,862</u> |
| Net pension liability (NPL) | \$ <u>(837,283)</u> |
| Plan fiduciary net position of the total pension liability | 165.8% |

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2018. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as described below:

December 31, 2018 Liabilities

| | |
|-------------------------------|-----------------|
| Actuarial valuation date | January 1, 2017 |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar |
| Remaining amortization period | N/A |
| Asset valuation method | Market value |

BOROUGH OF WEST READING
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

ITEM I - DEFINED BENEFIT PENSION PLANS (Continued)

Assumptions:

| | |
|---------------------------|---|
| Inflation | 2.25% |
| Salary increases | Not applicable, none assumed |
| Investment rate of return | 7.0% (Net of pension plan investment expense including inflation) |
| Cost of living adjustment | None |

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

| | 1% Decrease 6.0% | Current Discount Rate 7.0% | 1% Increase 8.0% |
|-----------------------|---------------------|----------------------------------|---------------------|
| Net pension liability | \$ (646,941) | \$ (837,283) | \$ (991,648) |

ITEM J - DEFINED CONTRIBUTION PENSION PLAN

Effective January 1, 2015, the Borough established a municipal defined contribution pension plan. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR) which is available on the PMRS website. There is no mandatory contribution from each eligible employee covered under the Plan. The Borough contributes 5% of each participating employee's gross wages to the Plan. The Borough made contributions of \$42,597 for the year ended December 31, 2018.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM K - READING HOSPITAL AND MEDICAL CENTER AGREEMENT/MAJOR CUSTOMER

In January 2011, the Reading Hospital and Medical Center (the "Hospital") entered into an agreement with the Borough, whereby the Hospital will make voluntary contributions to the Borough to support them in providing essential services to the Hospital. During the term of the agreement, building permit fees chargeable to the Hospital shall be a fixed amount, as set forth by resolution. In October 2016, a new agreement was reached for the years 2017 through 2019.

For the year ended December 31, 2018, the Hospital contributed \$623,320 to the Borough.

The Hospital's water and sewer billing for 2018 represent 45% of total water and sewer billings for the Borough.

ITEM L - PENN AVENUE TAX INCREMENT FINANCING DISTRICT

On January 1, 2007, the Borough, along with the County of Berks and the Wyomissing Area School District, entered into a Cooperation Agreement with the Redevelopment Authority of the County of Berks. The Redevelopment Authority of the County of Berks (the "Authority") has prepared a Tax Increment Financing (TIF) Plan referred to as the Penn Avenue TIF District. The agreement sets forth the terms by which Tax Increment Revenues shall be raised from the Penn Avenue TIF District and the means of financing, monitoring and directing the implementation of the TIF Plan

Under the terms of this agreement, the taxing bodies of the Borough, the County of Berks and the Wyomissing Area School District will remit their respective share of the positive real estate tax increments to the Authority. The Authority will deposit these funds into the Tax Increment Fund established for this project and use these funds for repayment of debt service incurred in connection with the project. The Penn Avenue TIF District will terminate on the earlier of February 1, 2027, or that date, after completion of all improvements specified in the plan.

The annual estimated incremental property tax is \$250,000 of which the Borough's share is estimated at \$40,000.

In 2018, the Borough remitted \$10,325 to the Authority. This amount represents less than 1% of total real estate taxes collected by the Borough in 2018.

ITEM M - RISK MANAGEMENT

The Borough entered into an agreement with Susquehanna Municipal Trust in order to pool workers' compensation and occupational disease insurance risks, reserves, claims and losses, and provide self-insurance and reinsurance with other members of the trust. If annual payments for any fiscal year are insufficient to fund the obligations of the trust, additional payments will be required by the Borough. The trust will provide excess and aggregate excess insurance wither through purchase of insurance or assets of the trust.

BOROUGH OF WEST READING

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

ITEM N - COMMITMENTS AND CONTINGENCIES

Litigation

The Borough is party to litigation involving various Borough matters. Based on the opinion of its legal counsel, Borough officials feel that the outcome of any lawsuits will not have a material effect on the Borough's financial position.

Unemployment Compensation

The Borough elected to fund unemployment compensation insurance with the Commonwealth of Pennsylvania Unemployment Compensation Fund on a reimbursable status, whereby the Borough reimburses the Commonwealth for actual benefits paid to qualified claimants.

Western Berks Water Authority

The Borough has entered into a service agreement with the Western Berks Water Authority (the "Water Authority") to purchase water in accordance with terms of the agreement. If the Borough water service charge collections are insufficient to make the required monthly payments to the water Authority, the Borough is to make up the deficiency out of other available current revenues of the Borough. If the Water Authority ultimately generates a deficit, it can, under the terms and conditions of Sections 5.02 and 5.03 of the service agreement, assess the Borough its proportionate share of the deficit.

Solid Waste and Recycling Contracts

In January 2004, the Borough entered into ten-year contract for the leasing of air space at a landfill for the disposal of municipal solid waste. Terms of the agreement are on the per tonnage basis and expire on January 31, 2014. In February 2014, the Borough extended this lease for an additional five years under new per tonnage rates.

In January 2015, the Borough entered into a contract for solid waste and recycling collection for a three-year term through December 31, 2017. In 2018 this contract was extended through December 31, 2019. Annual payments will be \$33,516 for recycling and \$174,420 for solid waste.

Concentration of Labor

The Borough entered into a collective bargaining agreement with the police officers, effective January 1, 2017 through December 31, 2020. The Borough also entered into a collective bargaining agreement with nonuniform employees, effective January 1, 2017 through December 31, 2020. Of the Borough's total workforce, 36% is covered by the agreement with the police officers and 18% is covered by the agreement with the nonuniform employees.

BALANCE SHEET

December 31, 2018



ASSETS AND OTHER DEBITS

| | Capital Reserve | Special Reserve | Total |
|--|-------------------|-------------------|-------------------|
| 100-120 Cash and Investments..... | 105,211 | 471,655 | 576,866 |
| 140-144 Tax Receivable..... | - | - | - |
| 121-129 | | | |
| 145-149 Accounts Receivable (excluding taxes)..... | - | - | - |
| 130 Due From Other Funds..... | - | - | - |
| 131-139 | | | |
| 150-159 Other Current Assets..... | - | - | - |
| 160-169 Fixed Assets..... | - | - | - |
| 180-189 Other Debits..... | - | - | - |
| TOTAL ASSETS AND OTHER DEBITS..... | \$ 105,211 | \$ 471,655 | \$ 576,866 |

LIABILITIES AND OTHER CREDITS

| | | | |
|--|----------|----------|----------|
| 210-229 Payroll Taxes and Other Payroll Withholdings..... | - | - | - |
| 200-209 | | | |
| 231-239 All Other Current Liabilities..... | - | - | - |
| 230 Due To Other Funds..... | - | - | - |
| 260-269 Long-Term Liabilities..... | - | - | - |
| 240-259 Current Portion of Long-Term Debt & Other Credits..... | - | - | - |
| TOTAL LIABILITIES AND OTHER CREDITS..... | - | - | - |

FUND AND ACCOUNT GROUP EQUITY

| | | | |
|--|----------------|----------------|----------------|
| 281-284 Contributed Capital..... | - | - | - |
| 290 Investment in General Fixed Assets..... | - | - | - |
| 270-289 Fund Balance/Retained Earnings on 12/31..... | 105,211 | 471,655 | 576,866 |
| 291-299 Other Equity..... | - | - | - |
| TOTAL FUND AND ACCOUNT GROUP EQUITY..... | 105,211 | 471,655 | 576,866 |

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

REVENUES

TAXES

| | Capital Reserve | Special Reserve | Total |
|---|-----------------|-----------------|-------------|
| 301.00 Real Estate Taxes..... | - | - | - |
| 305.00 Occupation Taxes (levied under municipal code)..... | - | - | - |
| 308.00 Residence Taxes (levied by cities of the 3rd Class)..... | - | - | - |
| 309.00 Regional Asset District Sales Tax (Allegheny County municipalities only)..... | - | - | - |
| 310.00 Per Capita Taxes..... | - | - | - |
| 310.10 Real Estate Transfer Taxes..... | - | - | - |
| 310.20 Earned Income Taxes/Wage Taxes..... | - | - | - |
| 310.30 Business Gross Receipts Taxes..... | - | - | - |
| 310.40 Occupation Taxes (levied under Act 511)..... | - | - | - |
| 310.50 Local Services Tax**..... | - | - | - |
| 310.60 Amusement/Admission Taxes..... | - | - | - |
| 310.70 Mechanical Device Taxes..... | - | - | - |
| 310.90 Other Local Tax Enabling Act/Act 511 Taxes..... | - | - | - |
| | | | |
| | | | |
| | | | |
| TOTAL TAXES..... | \$ - | \$ - | \$ - |

LICENSES & PERMITS

| | | | |
|---|----------|----------|----------|
| 320-322 All Other Licenses and Permits..... | - | - | - |
| 321.80 Cable Television Franchise Fees..... | - | - | - |
| TOTAL LICENSES & PERMITS..... | - | - | - |

FINES & FORFEITS

| | | | |
|--|----------|----------|----------|
| 330-332 Fines and Forfeits..... | - | - | - |
| TOTAL FINES & FORFEITS..... | - | - | - |

INTEREST, RENTS & ROYALTIES

| | | | |
|---|----------|--------------|--------------|
| 341.00 Interest Earnings..... | - | 4,480 | 4,480 |
| 342.00 Rents and Royalties..... | - | - | - |
| TOTAL INTEREST, RENTS & ROYALTIES..... | - | 4,480 | 4,480 |

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

INTERGOVERNMENTAL REVENUES

FEDERAL

| | Capital Reserve | Special Reserve | Total |
|---|-----------------|-----------------|----------|
| 351.03 Highways and Streets..... | - | - | - |
| 351.09 Community Development..... | - | - | - |
| 351.00 All Other Federal Capital and Operating Grants..... | - | - | - |
| 352.01 National Forest..... | - | - | - |
| 352.00 All Other Federal Shared Revenue & Entitlements..... | - | - | - |
| 353.00 Federal Payments in Lieu of Taxes..... | - | - | - |
| TOTAL FEDERAL..... | - | - | - |

STATE

| | | | |
|---|----------|----------|----------|
| 354.03 Highways and Streets..... | - | - | - |
| 354.09 Community Development..... | - | - | - |
| 354.15 Recycling/Act 101..... | - | - | - |
| 354.00 All Other State Capital and Operating Grants..... | - | - | - |
| 355.01 Public Utility Realty Tax (PURTA)..... | - | - | - |
| 355.02 - 355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback..... | - | - | - |
| 355.04 Alcoholic Beverage Licenses..... | - | - | - |
| 355.05 General Municipal Pension System State Aid..... | - | - | - |
| 355.07 Foreign Fire Insurance Tax Distribution..... | - | - | - |
| 355.08 Local Share Assessment/Gaming Proceeds..... | - | - | - |
| 355.09 Marcellus Shale Impact Fee Distribution**..... | - | - | - |
| 355.00 All Other State Shared Revenues & Entitlements..... | - | - | - |
| 356.00 State Payments in Lieu of Taxes..... | - | - | - |
| TOTAL STATE..... | - | - | - |

LOCAL GOVERNMENT UNITS

| | | | |
|--|----------|----------|----------|
| 357.03 Highways and Streets..... | - | - | - |
| 357.00□ All Other Local Governmental Units Capital and Operating Grants..... | - | - | - |
| 358.00 Local Government Unit Shared Payments for Contracted Intergovernmental Services..... | - | - | - |
| 359.00 Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes..... | - | - | - |
| TOTAL LOCAL GOVERNMENT UNITS..... | - | - | - |

** New line item in 2012

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

REVENUES

CHARGES FOR SERVICE

| | Capital Reserve | Special Reserve | Total |
|--|-----------------|-----------------|-------|
| 361.00 General Government..... | - | - | - |
| 362.00 Public Safety..... | - | - | - |
| 363.20 Parking..... | - | - | - |
| 363.00 All Other Charges for Highway & Streets Services..... | - | - | - |
| 364.10 Wastewater/Sewage Charges..... | - | - | - |
| 364.30 Solid Waste Collection & Disposal Charge (trash)..... | - | - | - |
| 364.60 Host Municipality Benefit Fee for Solid Waste Facility..... | - | - | - |
| 364.00 All Other Charges for Sanitation Services..... | - | - | - |
| 365.00 Health..... | - | - | - |
| 366.00 Human Services..... | - | - | - |
| 367.00 Culture and Recreation..... | - | - | - |
| 368.00 Airports..... | - | - | - |
| 369.00 Bars..... | - | - | - |
| 370.00 Cemeteries..... | - | - | - |
| 372.00 Electric System..... | - | - | - |
| 373.00 Gas System..... | - | - | - |
| 374.00 Housing System..... | - | - | - |
| 375.00 Markets..... | - | - | - |
| 377.00 Transit Systems..... | - | - | - |
| 378.00 Water System..... | - | - | - |
| 379.00 All Other Charges for Service..... | - | - | - |
| TOTAL CHARGES FOR SERVICE..... | - | - | - |

UNCLASSIFIED OPERATING REVENUES

| | | | |
|--|---|---|---|
| 383.00 Assessments..... | - | - | - |
| 386.00 Escheats (sale of personal property)..... | - | - | - |
| 387.00 Contributions & Donations from Private Sectors..... | - | - | - |
| 388.00 Fiduciary Fund Pension Contributions..... | | | |
| 389.00 All Other Unclassified Operating Revenues***..... | - | - | - |
| TOTAL UNCLASSIFIED OPERATING REVENUES..... | - | - | - |

OTHER FINANCING SOURCES

| | | | |
|---|---------|---------|-----------|
| 391.00 Proceeds of General Fixed Asset Disposition..... | - | - | - |
| 392.00 Interfund Operating Transfers**..... | 958,295 | 123,309 | 1,081,604 |
| 393.00 Proceeds of General Long-Term Debt..... | - | - | - |
| 394.00 Proceeds of Short-Term Debt..... | - | - | - |
| 395.00 Refunds of Prior Year Expenditures..... | - | - | - |
| TOTAL OTHER FINANCING SOURCES..... | 958,295 | 123,309 | 1,081,604 |

| | | | |
|----------------------------|----------------|----------------|------------------|
| TOTAL REVENUES..... | 958,295 | 127,789 | 1,086,084 |
|----------------------------|----------------|----------------|------------------|

** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

EXPENDITURES

GENERAL GOVERNMENT

| | Capital Reserve | Special Reserve | Total |
|--|-----------------|-----------------|---------------|
| 400.00 Legislative (Governing) Body..... | 21,735 | - | 21,735 |
| 401.00 Executive (Manager or Mayor)..... | - | - | - |
| 402.00 Auditing Services/Financial Administration..... | - | - | - |
| 403.00 Tax Collection..... | - | - | - |
| 404.00 Solicitor/Legal Services..... | - | - | - |
| 405.00 Secretary/Clerk..... | - | - | - |
| 406.00 Other General Government Administration..... | - | - | - |
| 407.00 IT-Networking Services-Data Processing..... | - | - | - |
| 408.00 Engineering Services..... | - | - | - |
| 409.00 General Government Buildings and Plant..... | - | - | - |
| TOTAL GENERAL GOVERNMENT..... | 21,735 | - | 21,735 |

PUBLIC SAFETY

| | | | |
|---|---------------|----------|---------------|
| 410.00 Police..... | 7,963 | - | 7,963 |
| 411.00 Fire..... | 9,483 | - | 9,483 |
| 412.00 Ambulance/Rescue..... | - | - | - |
| 413.00 UCC and Code Enforcement..... | - | - | - |
| 414.00 Planning and Zoning..... | - | - | - |
| 415.00 Emergency Management & Communications..... | - | - | - |
| 416.00 Militia and Armories..... | - | - | - |
| 417.00 Examination of Licensed Occupations..... | - | - | - |
| 418.00 Public Scales (weights and measures)..... | - | - | - |
| 419.00 Other Public Safety..... | - | - | - |
| TOTAL PUBLIC SAFETY..... | 17,446 | - | 17,446 |

HEALTH AND HUMAN SERVICES

| | | | |
|--|---|---|---|
| 420.00-425.00 Health and Human Services..... | - | - | - |
|--|---|---|---|

PUBLIC WORKS - SANITATION

| | | | |
|---|----------|----------|----------|
| 426.00 Recycling Collection and Disposal..... | - | - | - |
| 427.00 Solid Waste Collection and Disposal (trash)..... | - | - | - |
| 428.00 Weed Control..... | - | - | - |
| 429.00 Wastewater/Sewage Collection & Treatment..... | - | - | - |
| TOTAL PUBLIC WORKS - SANITATION..... | - | - | - |

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

EXPENDITURES

PUBLIC WORKS - HIGHWAYS & STREETS

| | Capital Reserve | Special Reserve | Total |
|--|-----------------|-----------------|----------------|
| 430.00 General Services - Administration..... | - | - | - |
| 431.00 Cleaning of Streets and Gutters..... | - | - | - |
| 432.00 Winter Maintenance - Snow Removal..... | - | - | - |
| 433.00 Traffic Control Devices..... | - | - | - |
| 434.00 Street Lighting..... | - | - | - |
| 435.00 Sidewalks and Crosswalks..... | - | - | - |
| 436.00 Storm Sewers and Drains..... | - | - | - |
| 437.00 Repairs of Tools and Machinery..... | - | - | - |
| 438.00 Maintenance & Repairs of Roads & Bridges..... | 196,097 | - | 196,097 |
| 439.00 Highway Construction and Rebuilding Projects..... | 64,848 | - | 64,848 |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS..... | 260,945 | - | 260,945 |

PUBLIC WORKS - OTHER SERVICES

| | | | |
|---|----------|----------|----------|
| 440.00 Airports..... | - | - | - |
| 441.00 Cemeteries..... | - | - | - |
| 442.00 Electric System..... | - | - | - |
| 443.00 Gas System..... | - | - | - |
| 444.00 Markets..... | - | - | - |
| 445.00 Parking | - | - | - |
| 446.00 Storm Water and Flood Control..... | - | - | - |
| 447.00 Transit System..... | - | - | - |
| 448.00 Water System..... | - | - | - |
| 449.00 Water Transport and Terminals..... | - | - | - |
| TOTAL PUBLIC WORKS - OTHER SERVICES..... | - | - | - |

CULTURE AND RECREATION

| | | | |
|---|---------------|----------|---------------|
| 451.00 Culture-Recreation Administration..... | - | - | - |
| 452.00 Participant Recreation..... | - | - | - |
| 453.00 Spectator Recreation..... | - | - | - |
| 454.00 Parks..... | - | - | - |
| 455.00 Shade Trees..... | - | - | - |
| 456.00 Libraries..... | - | - | - |
| 457.00 Civil and Military Celebrations..... | - | - | - |
| 458.00 Senior Citizens' Centers..... | - | - | - |
| 459.00 All Other Culture and Recreation..... | 18,681 | - | 18,681 |
| TOTAL CULTURE AND RECREATION..... | 18,681 | - | 18,681 |

COMMUNITY DEVELOPMENT

| | | | |
|--|----------|----------|----------|
| 461.00 Conservation of Natural Resources..... | - | - | - |
| 462.00 Community Development and Housing..... | - | - | - |
| 463.00 Economic Development..... | - | - | - |
| 464.00 Economic Opportunity..... | - | - | - |
| 465.00 - 469.00 All Other Community Development..... | - | - | - |
| TOTAL COMMUNITY DEVELOPMENT..... | - | - | - |

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

EXPENDITURES

DEBT SERVICE

| | Capital Reserve | Special Reserve | Total |
|---|-----------------|-----------------|----------------|
| 471.00 Debt Principal (short-term and long-term)..... | 583,813 | - | 583,813 |
| 472.00 Debt Interest (short-term and long-term)..... | 237,047 | - | 237,047 |
| 475.00 Fiscal Agent Fees..... | - | - | - |
| TOTAL DEBT SERVICE..... | 820,860 | - | 820,860 |

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS

| | | | |
|--|----------|----------|----------|
| 481.00 <input type="checkbox"/> Employer Paid Withholding Taxes and Unemployment Compensation..... | - | - | - |
| 482.00 Judgments and Losses..... | - | - | - |
| 483.00 Pension/Retirement Fund Contributions..... | - | - | - |
| 484.00 Worker Compensation Insurance..... | - | - | - |
| 487.00 Group Insurance and Other Benefits..... | - | - | - |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS..... | - | - | - |

INSURANCE

| | | | |
|---|---|---|---|
| 486.00 Insurance, Casualty, and Surety..... | - | - | - |
|---|---|---|---|

UNCLASSIFIED OPERATING EXPENDITURES

| | | | |
|---|----------|----------|----------|
| 488.00 Fiduciary Fund Benefits and Refunds Paid..... | - | - | - |
| 489.00 All Other Unclassified Expenditures***..... | - | - | - |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES..... | - | - | - |

OTHER FINANCING USES

| | | | |
|---|----------|----------|----------|
| 491.00 Refund of Prior Year Revenues..... | - | - | - |
| 492.00 Interfund Operating Transfers**..... | - | - | - |
| 493.00 All Other Financing Uses..... | - | - | - |
| TOTAL OTHER FINANCING USES..... | - | - | - |

| | | | |
|--------------------------------|------------------|----------|------------------|
| TOTAL EXPENDITURES..... | 1,139,667 | - | 1,139,667 |
|--------------------------------|------------------|----------|------------------|

EXCESS/DEFICIT OF REVENUES

| | | | |
|-------------------------------|------------------|----------------|-----------------|
| OVER EXPENDITURES..... | (181,372) | 127,789 | (53,583) |
|-------------------------------|------------------|----------------|-----------------|

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

BALANCE SHEET

December 31, 2018

Enterprise

ASSETS AND OTHER DEBITS

| | Water Fund | Sewer Fund | Sanitation | Total |
|--|-------------------|-------------------|------------------|-------------------|
| 100-120 Cash and Investments..... | 316,803 | 348,609 | 52,516 | 717,928 |
| 140-144 Tax Receivable..... | - | - | - | - |
| 121-129 | | | | |
| 145-149 Accounts Receivable (excluding taxes)..... | - | - | - | - |
| 130 Due From Other Funds..... | - | - | - | - |
| 131-139 | | | | |
| 150-159 Other Current Assets..... | - | - | - | - |
| 160-169 Fixed Assets..... | - | - | - | - |
| 180-189 Other Debits..... | - | - | - | - |
| TOTAL ASSETS AND OTHER DEBITS..... | \$ 316,803 | \$ 348,609 | \$ 52,516 | \$ 717,928 |

LIABILITIES AND OTHER CREDITS

| | | | | |
|--|----------|----------|----------|----------|
| 210-229 Payroll Taxes and Other Payroll Withholdings..... | - | - | - | - |
| 200-209 | | | | |
| 231-239 All Other Current Liabilities..... | - | - | - | - |
| 230 Due To Other Funds..... | - | - | - | - |
| 260-269 Long-Term Liabilities..... | - | - | - | - |
| 240-259 Current Portion of Long-Term Debt & Other Credits... | - | - | - | - |
| TOTAL LIABILITIES AND OTHER CREDITS..... | - | - | - | - |

FUND AND ACCOUNT GROUP EQUITY

| | | | | |
|--|----------------|----------------|---------------|----------------|
| 281-284 Contributed Capital..... | - | - | - | - |
| 290 Investment in General Fixed Assets..... | - | - | - | - |
| 270-289 Fund Balance/Retained Earnings on 12/31..... | 316,803 | 348,609 | 52,516 | 717,928 |
| 291-299 Other Equity..... | - | - | - | - |
| TOTAL FUND AND ACCOUNT GROUP EQUITY..... | 316,803 | 348,609 | 52,516 | 717,928 |

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| REVENUES | | Enterprise | | | |
|-------------------------|--|-------------|-------------|-------------|-------------|
| TAXES | | Water Fund | Sewer Fund | Sanitation | Total |
| 301.00 | Real Estate Taxes..... | - | - | - | - |
| 305.00 | Occupation Taxes (levied under municipal code)..... | - | - | - | - |
| 308.00 | Residence Taxes (levied by cities of the 3rd Class)..... | - | - | - | - |
| 309.00 | Regional Asset District Sales Tax (Allegheny County municipalities only)..... | - | - | - | - |
| 310.00 | Per Capita Taxes..... | - | - | - | - |
| 310.10 | Real Estate Transfer Taxes..... | - | - | - | - |
| 310.20 | Earned Income Taxes/Wage Taxes..... | - | - | - | - |
| 310.30 | Business Gross Receipts Taxes..... | - | - | - | - |
| 310.40 | Occupation Taxes (levied under Act 511)..... | - | - | - | - |
| 310.50 | Local Services Tax** | - | - | - | - |
| 310.60 | Amusement/Admission Taxes..... | - | - | - | - |
| 310.70 | Mechanical Device Taxes..... | - | - | - | - |
| 310.90 | Other Local Tax Enabling Act/Act 511 Taxes..... | - | - | - | - |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL TAXES..... | | \$ - | \$ - | \$ - | \$ - |

| LICENSES & PERMITS | | | | | |
|--|--------------------------------------|----------|----------|----------|----------|
| 320-322 | All Other Licenses and Permits..... | - | - | - | - |
| 321.80 | Cable Television Franchise Fees..... | - | - | - | - |
| TOTAL LICENSES & PERMITS..... | | - | - | - | - |

| FINES & FORFEITS | | | | | |
|--|-------------------------|----------|----------|----------|----------|
| 330-332 | Fines and Forfeits..... | - | - | - | - |
| TOTAL FINES & FORFEITS..... | | - | - | - | - |

| INTEREST, RENTS & ROYALTIES | | | | | |
|---|--------------------------|----------|----------|----------|----------|
| 341.00 | Interest Earnings..... | - | - | - | - |
| 342.00 | Rents and Royalties..... | - | - | - | - |
| TOTAL INTEREST, RENTS & ROYALTIES..... | | - | - | - | - |

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| INTERGOVERNMENTAL REVENUES | | Enterprise | | | |
|----------------------------|--|------------|------------|------------|-------|
| FEDERAL | | Water Fund | Sewer Fund | Sanitation | Total |
| 351.03 | Highways and Streets..... | - | - | - | - |
| 351.09 | Community Development..... | - | - | - | - |
| 351.00 | All Other Federal Capital and Operating Grants..... | - | - | - | - |
| 352.01 | National Forest..... | - | - | - | - |
| 352.00 | All Other Federal Shared Revenue & Entitlements..... | - | - | - | - |
| 353.00 | Federal Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL FEDERAL | | - | - | - | - |

| STATE | | | | | |
|--------------------------|---|---|---------|--------|---------|
| 354.03 | Highways and Streets..... | - | - | - | - |
| 354.09 | Community Development..... | - | - | - | - |
| 354.15 | Recycling/Act 101..... | - | - | 25,567 | 25,567 |
| 354.00 | All Other State Capital and Operating Grants..... | - | 156,590 | - | 156,590 |
| 355.01 | Public Utility Realty Tax (PURTA)..... | - | - | - | - |
| 355.02 - 355.03 | Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback..... | - | - | - | - |
| 355.04 | Alcoholic Beverage Licenses..... | - | - | - | - |
| 355.05 | General Municipal Pension System State Aid..... | - | - | - | - |
| 355.07 | Foreign Fire Insurance Tax Distribution..... | - | - | - | - |
| 355.08 | Local Share Assessment/Gaming Proceeds..... | - | - | - | - |
| 355.09 | Marcellus Shale Impact Fee Distribution**..... | - | - | - | - |
| 355.00 | All Other State Shared Revenues & Entitlements..... | - | - | - | - |
| 356.00 | State Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL STATE | | - | 156,590 | 25,567 | 182,157 |

| LOCAL GOVERNMENT UNITS | | | | | |
|---|---|---|---|---|---|
| 357.03 | Highways and Streets..... | - | - | - | - |
| 357.00 | All Other Local Governmental Units Capital and Operating Grants..... | - | - | - | - |
| 358.00 | Local Government Unit Shared Payments for Contracted Intergovernmental Services..... | - | - | - | - |
| 359.00 | Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes..... | - | - | - | - |
| TOTAL LOCAL GOVERNMENT UNITS | | - | - | - | - |

** New line item in 2012

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| REVENUES | | Enterprise | | | |
|---|---|------------------|------------------|----------------|------------------|
| CHARGES FOR SERVICE | | Water Fund | Sewer Fund | Sanitation | Total |
| 361.00 | General Government..... | - | - | - | - |
| 362.00 | Public Safety..... | - | - | - | - |
| 363.20 | Parking..... | - | - | - | - |
| 363.00 | All Other Charges for Highway & Streets Services..... | - | - | - | - |
| 364.10 | Wastewater/Sewage Charges..... | - | 1,672,488 | - | 1,672,488 |
| 364.30 | Solid Waste Collection & Disposal Charge (trash)..... | - | 4,700 | 392,739 | 397,439 |
| 364.60 | Host Municipality Benefit Fee for Solid Waste Facility..... | - | - | - | - |
| 364.00 | All Other Charges for Sanitation Services..... | - | - | - | - |
| 365.00 | Health..... | - | - | - | - |
| 366.00 | Human Services..... | - | - | - | - |
| 367.00 | Culture and Recreation..... | - | - | - | - |
| 368.00 | Airports..... | - | - | - | - |
| 369.00 | Bars..... | - | - | - | - |
| 370.00 | Cemeteries..... | - | - | - | - |
| 372.00 | Electric System..... | - | - | - | - |
| 373.00 | Gas System..... | - | - | - | - |
| 374.00 | Housing System..... | - | - | - | - |
| 375.00 | Markets..... | - | - | - | - |
| 377.00 | Transit Systems..... | - | - | - | - |
| 378.00 | Water System..... | 1,817,528 | - | - | 1,817,528 |
| 379.00 | All Other Charges for Service..... | - | - | - | - |
| TOTAL CHARGES FOR SERVICE..... | | 1,817,528 | 1,677,188 | 392,739 | 3,887,455 |
| UNCLASSIFIED OPERATING REVENUES | | | | | |
| 383.00 | Assessments..... | - | - | - | - |
| 386.00 | Escheats (sale of personal property)..... | - | - | - | - |
| 387.00 | Contributions & Donations from Private Sectors..... | - | - | - | - |
| 388.00 | Fiduciary Fund Pension Contributions..... | | | | |
| 389.00 | All Other Unclassified Operating Revenues***..... | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING REVENUES..... | | - | - | - | - |
| OTHER FINANCING SOURCES | | | | | |
| 391.00 | Proceeds of General Fixed Asset Disposition..... | - | - | - | - |
| 392.00 | Interfund Operating Transfers**..... | - | - | - | - |
| 393.00 | Proceeds of General Long-Term Debt..... | - | - | - | - |
| 394.00 | Proceeds of Short-Term Debt..... | - | - | - | - |
| 395.00 | Refunds of Prior Year Expenditures..... | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES..... | | - | - | - | - |
| TOTAL REVENUES..... | | 1,817,528 | 1,833,778 | 418,306 | 4,069,612 |

** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| EXPENDITURES | | Enterprise | | | |
|--------------------------------------|---|------------|------------|------------|-------|
| GENERAL GOVERNMENT | | Water Fund | Sewer Fund | Sanitation | Total |
| 400.00 | Legislative (Governing) Body..... | - | - | - | - |
| 401.00 | Executive (Manager or Mayor)..... | - | - | - | - |
| 402.00 | Auditing Services/Financial Administration..... | - | - | - | - |
| 403.00 | Tax Collection..... | - | - | - | - |
| 404.00 | Solicitor/Legal Services..... | - | - | - | - |
| 405.00 | Secretary/Clerk..... | - | - | - | - |
| 406.00 | Other General Government Administration..... | - | - | - | - |
| 407.00 | IT-Networking Services-Data Processing..... | - | - | - | - |
| 408.00 | Engineering Services..... | - | - | - | - |
| 409.00 | General Government Buildings and Plant..... | - | - | - | - |
| TOTAL GENERAL GOVERNMENT..... | | - | - | - | - |

| PUBLIC SAFETY | | | | | |
|---------------------------------|--|---|---|---|---|
| 410.00 | Police..... | - | - | - | - |
| 411.00 | Fire..... | - | - | - | - |
| 412.00 | Ambulance/Rescue..... | - | - | - | - |
| 413.00 | UCC and Code Enforcement..... | - | - | - | - |
| 414.00 | Planning and Zoning..... | - | - | - | - |
| 415.00 | Emergency Management & Communications..... | - | - | - | - |
| 416.00 | Militia and Armories..... | - | - | - | - |
| 417.00 | Examination of Licensed Occupations..... | - | - | - | - |
| 418.00 | Public Scales (weights and measures)..... | - | - | - | - |
| 419.00 | Other Public Safety..... | - | - | - | - |
| TOTAL PUBLIC SAFETY..... | | - | - | - | - |

| HEALTH AND HUMAN SERVICES | | | | | |
|---------------------------|--------------------------------|---|---|---|---|
| 420.00-425.00 | Health and Human Services..... | - | - | - | - |

| PUBLIC WORKS - SANITATION | | | | | |
|---|--|---|---------|---------|-----------|
| 426.00 | Recycling Collection and Disposal..... | - | - | - | - |
| 427.00 | Solid Waste Collection and Disposal (trash)..... | - | 4,700 | 359,165 | 363,865 |
| 428.00 | Weed Control..... | - | - | - | - |
| 429.00 | Wastewater/Sewage Collection & Treatment..... | - | 861,663 | - | 861,663 |
| TOTAL PUBLIC WORKS - SANITATION..... | | - | 866,363 | 359,165 | 1,225,528 |

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| EXPENDITURES | | Enterprise | | | |
|--|---|------------|------------|------------|-------|
| PUBLIC WORKS - HIGHWAYS & STREETS | | Water Fund | Sewer Fund | Sanitation | Total |
| 430.00 | General Services - Administration..... | - | - | - | - |
| 431.00 | Cleaning of Streets and Gutters..... | - | - | - | - |
| 432.00 | Winter Maintenance - Snow Removal..... | - | - | - | - |
| 433.00 | Traffic Control Devices..... | - | - | - | - |
| 434.00 | Street Lighting..... | - | - | - | - |
| 435.00 | Sidewalks and Crosswalks..... | - | - | - | - |
| 436.00 | Storm Sewers and Drains..... | - | - | - | - |
| 437.00 | Repairs of Tools and Machinery..... | - | - | - | - |
| 438.00 | Maintenance & Repairs of Roads & Bridges..... | - | - | - | - |
| 439.00 | Highway Construction and Rebuilding Projects..... | - | - | - | - |
| TOTAL PUBLIC WORKS - HIGHWAYS & STREETS | | - | - | - | - |

| PUBLIC WORKS - OTHER SERVICES | | | | | |
|--|------------------------------------|---------|---|---|---------|
| 440.00 | Airports..... | - | - | - | - |
| 441.00 | Cemeteries..... | - | - | - | - |
| 442.00 | Electric System..... | - | - | - | - |
| 443.00 | Gas System..... | - | - | - | - |
| 444.00 | Markets..... | - | - | - | - |
| 445.00 | Parking | - | - | - | - |
| 446.00 | Storm Water and Flood Control..... | - | - | - | - |
| 447.00 | Transit System..... | - | - | - | - |
| 448.00 | Water System..... | 735,492 | - | - | 735,492 |
| 449.00 | Water Transport and Terminals..... | - | - | - | - |
| TOTAL PUBLIC WORKS - OTHER SERVICES | | 735,492 | - | - | 735,492 |

| CULTURE AND RECREATION | | | | | |
|---|--|---|---|---|---|
| 451.00 | Culture-Recreation Administration..... | - | - | - | - |
| 452.00 | Participant Recreation..... | - | - | - | - |
| 453.00 | Spectator Recreation..... | - | - | - | - |
| 454.00 | Parks..... | - | - | - | - |
| 455.00 | Shade Trees..... | - | - | - | - |
| 456.00 | Libraries..... | - | - | - | - |
| 457.00 | Civil and Military Celebrations..... | - | - | - | - |
| 458.00 | Senior Citizens' Centers..... | - | - | - | - |
| 459.00 | All Other Culture and Recreation..... | - | - | - | - |
| TOTAL CULTURE AND RECREATION | | - | - | - | - |

| COMMUNITY DEVELOPMENT | | | | | |
|--|--|---|---|---|---|
| 461.00 | Conservation of Natural Resources..... | - | - | - | - |
| 462.00 | Community Development and Housing..... | - | - | - | - |
| 463.00 | Economic Development..... | - | - | - | - |
| 464.00 | Economic Opportunity..... | - | - | - | - |
| 465.00 - 469.00 | All Other Community Development..... | - | - | - | - |
| TOTAL COMMUNITY DEVELOPMENT | | - | - | - | - |

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

| EXPENDITURES | | Enterprise | | | |
|--------------------------------|--|------------|------------|------------|-------|
| | | Water Fund | Sewer Fund | Sanitation | Total |
| DEBT SERVICE | | | | | |
| 471.00 | Debt Principal (short-term and long-term)..... | - | - | - | - |
| 472.00 | Debt Interest (short-term and long-term)..... | - | - | - | - |
| 475.00 | Fiscal Agent Fees..... | - | - | - | - |
| TOTAL DEBT SERVICE..... | | - | - | - | - |

| | | | | | |
|--|--|---|---|---|---|
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS | | | | | |
| 481.00 | Employer Paid Withholding Taxes and Unemployment Compensation..... | - | - | - | - |
| 482.00 | Judgments and Losses..... | - | - | - | - |
| 483.00 | Pension/Retirement Fund Contributions..... | - | - | - | - |
| 484.00 | Worker Compensation Insurance..... | - | - | - | - |
| 487.00 | Group Insurance and Other Benefits..... | - | - | - | - |
| EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS..... | | - | - | - | - |

| | | | | | |
|------------------|--------------------------------------|---|---|---|---|
| INSURANCE | | | | | |
| 486.00 | Insurance, Casualty, and Surety..... | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| UNCLASSIFIED OPERATING EXPENDITURES | | | | | |
| 488.00 | Fiduciary Fund Benefits and Refunds Paid..... | | | | |
| 489.00 | All Other Unclassified Expenditures***..... | - | - | - | - |
| TOTAL UNCLASSIFIED OPERATING EXPENDITURES..... | | - | - | - | - |

| | | | | | |
|--|--------------------------------------|---------|---------|--------|-----------|
| OTHER FINANCING USES | | | | | |
| 491.00 | Refund of Prior Year Revenues..... | - | - | - | - |
| 492.00 | Interfund Operating Transfers**..... | 919,688 | 720,026 | 45,500 | 1,685,214 |
| 493.00 | All Other Financing Uses..... | - | - | - | - |
| TOTAL OTHER FINANCING USES..... | | 919,688 | 720,026 | 45,500 | 1,685,214 |

| | | | | | |
|--------------------------------|--|-----------|-----------|---------|-----------|
| TOTAL EXPENDITURES..... | | 1,655,180 | 1,586,389 | 404,665 | 3,646,234 |
|--------------------------------|--|-----------|-----------|---------|-----------|

| | | | | | |
|--|--|---------|---------|--------|---------|
| EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES..... | | 162,348 | 247,389 | 13,641 | 423,378 |
|--|--|---------|---------|--------|---------|

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.