

BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
**Financial Statements, Auditor's Report
and Supplementary Information**
December 31, 2017

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SLATINGTON, PENNSYLVANIA
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Borough Council
Borough of Slatington
Slatington, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Slatington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, because of the material effects of the omissions described within the emphasis of matter section, the basic financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Slatington, as of December 31, 2017, and the changes in its financial position or where applicable its cash flows for the year then ended.

Management has not presented the management's discussion and analysis that the Governmental Accounting Standards Board requires to supplement, although not to be a part of, the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and schedules of police pension plan on pages 42-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Borough of Slatington. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole although, as previously stated, the basic financial statements themselves do not conform with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, while the Borough has included capital assets and related accumulated depreciation and depreciation expense, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America, require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position and expenses of the governmental activities. The amount by which this departure would affect assets and expenses of the governmental activities is not reasonably determinable.

Furthermore, utility plant in service and contributions in aid to construction costs prior to 1983 have not been capitalized in the Water Fund. The amounts, by which the financial statements would change if these items were included, while material, cannot be determined.

Congbell, Rappold & Yasuta LLP

September 7, 2018

BASIC FINANCIAL STATEMENTS

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017**

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and Cash Equivalents	\$ 574,854	\$ 2,119,976	\$ 2,694,830
Taxes Receivable, Net	188,657	-	188,657
Accounts Receivable, Net	-	335,147	335,147
Grants Receivable	-	17,922	17,922
Authority Lease Receivable	-	1,605,855	1,605,855
Internal Balance	(668,291)	683,912	15,621
Intergovernmental Receivables	-	50,818	50,818
Other Receivables, Net	123,745	-	123,745
Total Current Assets	218,965	4,813,630	5,032,595
Noncurrent Assets:			
Construction In Progress	-	88,162	88,162
Land	166,486	80,223	246,709
Site Improvements and Mains, Net of Depreciation	1,562,196	8,362,671	9,924,867
Building and Building Improvements Net of Depreciation	67,921	-	67,921
Treatment Plants, Net of Depreciation	-	4,295,650	4,295,650
Machinery and Equipment, Net of Depreciation	12,540	75,624	88,164
Vehicles, Net of Depreciation	111,103	-	111,103
Total Noncurrent Assets	1,920,246	12,902,330	14,822,576
Deferred Outflows of Resources			
Prepaid Loan	-	21,429	21,429
Changes In Assumptions	5,695	-	5,695
Net Difference Between Projected and Actual Earning on Pension Plan Investments	15,682	-	15,682
Total Deferred Outflows of Resources	21,377	21,429	42,806
TOTAL ASSETS	\$ 2,160,588	\$ 17,737,389	\$ 19,897,977
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 74,634	\$ 15,404	\$ 90,038
Custodial Funds	12,434	-	12,434
Current Portion of Capital Lease Obligation	12,691	-	12,691
Current Portion of Long-Term Obligations, Net of Bond Premium	35,258	235,955	271,213
Other Current Liabilities	28,144	6,120	34,264
Total Current Liabilities	163,161	257,479	420,640
Noncurrent Liabilities:			
Authority Loan Payable	-	1,605,855	1,605,855
Lease Payable to Authority	-	1,605,855	1,605,855
Loan Payable to Borough	-	21,429	21,429
Capital Lease Obligation, Net	12,987	-	12,987
Long-Term Portion of Compensated Absences	105,620	-	105,620
Net Pension Liability	527,405	-	527,405
Total Noncurrent Liabilities	646,012	3,233,139	3,879,151
Deferred Inflows of Resources			
Deferred Revenue	34,918	-	34,918
Difference Between Expected and Actual Experience	75,705	-	75,705
Deferred Inflows of Resources	110,623	-	110,623
TOTAL LIABILITIES	919,796	3,490,618	4,410,414
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,884,988	11,060,520	12,945,508
Restricted for:			
Special Revenue	(18,738)	-	(18,738)
Unrestricted	(625,458)	3,186,251	2,560,793
TOTAL NET POSITION	1,240,792	14,246,771	15,487,563
TOTAL LIABILITIES AND NET POSITION	\$ 2,160,588	\$ 17,737,389	\$ 19,897,977

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	352,296	\$ 123,834	\$ 2,281	\$ -
Public Safety	1,202,444	114,146	100,941	-
Highways and Streets	380,219	-	125,013	75,585
Health and Sanitation	2,195	-	-	-
Culture and Recreation	36,077	1,300	-	127,562
Community Development and Housing	-	-	-	21,915
Miscellaneous	166,798	-	-	-
Interest on Long-Term Debt	2,279	-	-	-
Unallocated Depreciation Expense	128,837	-	-	-
Total Governmental Activities	<u>2,271,145</u>	<u>239,280</u>	<u>228,235</u>	<u>225,062</u>
Business Type Activities:				
Water	585,635	793,937	-	-
Sewer	1,025,396	1,034,593	17,922	-
Garbage	264,689	424,190	-	-
Total Business-Type Activities	<u>1,875,720</u>	<u>2,252,720</u>	<u>17,922</u>	<u>-</u>
Total Primary Government	<u>\$ 4,146,865</u>	<u>\$ 2,492,000</u>	<u>\$ 246,157</u>	<u>\$ 225,062</u>

General Revenues:

Taxes:

Property Taxes, levied for general purposes, net
Taxes levied for specific purposes
Franchise Tax (Fees)
Investment Earnings
Miscellaneous Income

Total General Revenues, Special Items, Extraordinary Items, and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (226,181)	\$ -	\$ (226,181)
(987,357)	-	(987,357)
(179,621)	-	(179,621)
(2,195)	-	(2,195)
92,785	-	92,785
21,915	-	21,915
(166,798)	-	(166,798)
(2,279)	-	(2,279)
<u>(128,837)</u>	<u>-</u>	<u>(128,837)</u>
<u>(1,578,568)</u>	<u>-</u>	<u>(1,578,568)</u>
-	208,302	208,302
-	27,119	27,119
<u>-</u>	<u>159,501</u>	<u>159,501</u>
-	394,922	394,922
<u>(1,578,568)</u>	<u>394,922</u>	<u>(1,183,646)</u>
903,833	-	903,833
474,128	-	474,128
66,599	-	66,599
1,776	4,595	6,371
88,137	2,034	90,171
<u>1,534,473</u>	<u>6,629</u>	<u>1,541,102</u>
(44,095)	401,551	357,456
<u>1,284,887</u>	<u>13,845,220</u>	<u>15,130,107</u>
<u>\$ 1,240,792</u>	<u>\$ 14,246,771</u>	<u>\$ 15,487,563</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017**

	General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 291,485	\$ 283,369	\$ 574,854
Receivables (Net)			
Taxes	188,657	-	188,657
Other	123,745	-	123,745
Due from Other Funds	7,116,753	124,837	7,241,590
TOTAL ASSETS	\$ 7,720,640	\$ 408,206	\$ 8,128,846
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to Other Funds	\$ 7,490,996	\$ 324,390	\$ 7,815,386
Accounts Payable	66,575	8,059	74,634
Custodial Funds	12,434	-	12,434
Note Payable to Sewer Fund	-	94,495	94,495
Deferred Revenues	113,017	-	113,017
Other Current Liabilities	28,145	-	28,145
TOTAL LIABILITIES	7,711,167	426,944	8,138,111
FUND BALANCES			
Assigned	-	(18,738)	(18,738)
Unassigned	9,473	-	9,473
TOTAL FUND BALANCES	9,473	(18,738)	(9,265)
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,720,640	\$ 408,206	\$ 8,128,846

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ (9,265)

**Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$4,235,761 and the accumulated depreciation is \$2,315,515. 1,920,246

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 78,100

Deferred outflows (inflows) of resources related to pensions are applicable to future periods and therefore are not reported in governmental funds. (54,328)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	\$ (32,500)	
Unamortized Bond Premium	(2,758)	
Capital Lease Obligation	(25,678)	
Net Pension Liability	(527,405)	
Compensated Absences	<u>(105,620)</u>	
		<u>(693,961)</u>

**TOTAL NET POSITION -
GOVERNMENTAL ACTIVITIES** \$ 1,240,792

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Non-Major Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,304,200	\$ 77,811	\$ 1,382,011
Licenses and Permits	100,126	-	100,126
Fines and Forfeits	33,819	-	33,819
Interest and Rents	125,477	133	125,610
Intergovernmental Revenues	331,485	121,812	453,297
Charges for Current Service	48,100	-	48,100
Miscellaneous Revenue	88,137	-	88,137
TOTAL REVENUES	2,031,344	199,756	2,231,100
EXPENDITURES			
General Government	355,765	-	355,765
Administration	-	582	582
Fire Station and Truck	-	94,535	94,535
Public Safety	941,348	-	941,348
Highways and Streets	494,271	99,661	593,932
Health and Human Services	2,195	-	2,195
Culture and Recreation	163,639	-	163,639
Miscellaneous	166,796	-	166,796
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	32,542	3,044	35,586
TOTAL EXPENDITURES	2,156,556	197,822	2,354,378
EXCESSIVE (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(125,213)	1,934	(123,279)
OTHER FINANCING SOURCES (USES)			
Transfers In	134,410	(134,410)	-
Transfers Out	(215,218)	-	(215,218)
Total Other Financing Sources (Uses)	(80,808)	(134,410)	(215,218)
Net Change in Fund Balances	(206,021)	(132,476)	(338,497)
Fund Balances, January 1 (as restated)	215,494	-	215,494
FUND BALANCES, DECEMBER 31	\$ 9,473	\$ (132,476)	\$ (123,003)

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balances - Governmental Funds \$ (338,497)

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital Outlay	\$ 370,909	
	Capital Lease	(21,797)	
Less: Depreciation Expense		<u>(128,837)</u>	
			220,275

Repayments of capital leases is an expenditure in the governmental funds, but the repayment reduces capital lease liability in the statement of net position. 2,256

Because some property taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. (4,055)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 30,550

Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued. However on the statement of activities, the premiums are amortized over the life of the bonds. 2,758

In the statement of activities, certain operating expenses -- compensated absences (vacations) and special termination benefits (early retirement) and pensions -- are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 42,618

Change in Net Position of Governmental Activities \$ (44,095)

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Water Division	Sewer Disposal	Garbage Division	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,010,788	\$ 858,507	\$ 250,681	\$ 2,119,976
Receivables				
Accounts (Net)	123,297	139,620	72,230	335,147
Grants	-	17,922	-	17,922
Authority Lease Receivable	-	1,605,855	-	1,605,855
Due From Other Funds	655,061	1,141,027	134,560	1,930,648
Intergovernmental Receivables	-	50,818	-	50,818
Prepaid Loan	-	21,429	-	21,429
Total Current Assets	1,789,146	3,835,178	457,471	6,081,795
Noncurrent Assets:				
Note Receivable from Fire Fund	-	94,495	-	94,495
Construction In Progress	67,077	21,085	-	88,162
Land	64,440	15,783	-	80,223
Treatment Plants	3,879,797	5,302,869	-	9,182,666
Machinery and Equipment	470,359	514,717	-	985,076
Furniture and Fixtures	6,105	26,686	-	32,791
Improvements Other Than Buildings	3,226,002	8,666,702	-	11,892,704
Less: Accumulated Depreciation	(3,704,529)	(5,654,763)	-	(9,359,292)
Total Noncurrent Assets	4,009,251	8,987,574	-	12,996,825
TOTAL ASSETS	\$ 5,798,397	\$ 12,822,752	\$ 457,471	\$ 19,078,620
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ 15,404	\$ -	\$ 15,404
Due to Other Funds	634,066	707,165	-	1,341,231
Current Portion of Long-Term Obligations	116,621	119,334	-	235,955
Other Current Liabilities	3,038	2,940	142	6,120
	-	-	-	-
Total Current Liabilities	753,725	844,843	142	1,598,710
Noncurrent Liabilities:				
Authority Loan Payable	-	1,605,855	-	1,605,855
Lease Payable to Authority	-	1,605,855	-	1,605,855
Loan Payable to Borough	-	21,429	-	21,429
Total Noncurrent Liabilities	-	3,233,139	-	3,233,139
TOTAL LIABILITIES	753,725	4,077,982	142	4,831,849
NET POSITION				
Invested in Capital Assets, Net of Related Debt	3,892,630	7,167,890	-	11,060,520
Unrestricted	1,152,042	1,576,880	457,329	3,186,251
Total Net Position	5,044,672	8,744,770	457,329	14,246,771
TOTAL LIABILITIES AND NET POSITION	\$ 5,798,397	\$ 12,822,752	\$ 457,471	\$ 19,078,620

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Division	Sewer Disposal	Garbage Division	Totals
OPERATING REVENUES:				
Charges For Services				
General Public (Net)	\$ 729,218	\$ 820,277	\$ 423,690	\$ 1,973,185
Other Governments	64,635	212,070	-	276,705
Rental Income	-	1,800	-	1,800
Grants				
Intergovernmental	-	17,922	-	17,922
Miscellaneous Operating Revenues	84	446	500	1,030
Total Operating Revenues	793,937	1,052,515	424,190	2,270,642
OPERATING EXPENSES:				
Administration	190,849	310,637	-	501,486
Operations				
Disposal System	-	403,345	264,689	668,034
Collection System	201,960	-	-	201,960
Distribution Expense	48,313	-	-	48,313
Depreciation	144,513	297,265	-	441,778
Total Operating Expense	585,635	1,011,247	264,689	1,861,571
OPERATING INCOME	208,302	41,268	159,501	409,071
COOPERATING REVENUES: (EXPENSES)				
Interest Income	662	3,842	91	4,595
Interest and Fiscal Charges	2,034	(14,149)	-	(12,115)
Total Non operating Revenues (Expenses)	2,696	(10,307)	91	(7,520)
Income Before Contributions and Transfers	210,998	30,961	159,592	401,551
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	210,998	30,961	159,592	401,551
Total Net Position - January 1 (as restated)	4,833,674	8,713,809	297,737	13,845,220
TOTAL NET POSITION - December 31	\$ 5,044,672	\$ 8,744,770	\$ 457,329	\$ 14,246,771

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Division	Sewer Disposal	Garbage Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 821,370	\$ 997,167	\$ 437,792	\$ 2,256,329
Cash Payment to Suppliers for Goods and Services	(250,254)	(388,289)	(264,791)	(903,334)
Cash Payments to Employees for Services	(190,849)	(310,637)	-	(501,486)
Other Operating Receipts	84	446	500	1,030
Net Cash Provided by Operating Activities	<u>380,351</u>	<u>298,687</u>	<u>173,501</u>	<u>852,539</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Borrowing/Repayments Under Interfund Loan Agreements	-	129,780	-	129,780
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>129,780</u>	<u>-</u>	<u>129,780</u>
CASH FLOWS FROM CAPITAL ACTIVITIES				
Acquisition of Capital Assets	(67,077)	(21,085)	-	(88,162)
Principal Paid on Long-Term Debt	(101,050)	(103,400)	-	(204,450)
Interest Paid on Long-Term Debt	(7,088)	(23,482)	-	(30,570)
Net Borrowing/Repayment From Other Funds	(424,770)	(42,715)	(183,427)	(650,912)
Net Borrowing/Repayment on Loan	-	(111,288)	-	(111,288)
Net Interest in Long-Term Lease Obligation	-	(111,288)	-	(111,288)
Net Cash Used by Capital Activities	<u>(599,985)</u>	<u>(413,258)</u>	<u>(183,427)</u>	<u>(1,196,670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	662	3,842	91	4,595
Net Cash Provided by Investing Activities	<u>662</u>	<u>3,842</u>	<u>91</u>	<u>4,595</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(218,972)	19,051	(9,835)	(209,756)
Cash and Cash Equivalents, January 1	1,229,760	839,456	260,516	2,329,732
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,010,788</u></u>	<u><u>\$ 858,507</u></u>	<u><u>\$ 250,681</u></u>	<u><u>\$ 2,119,976</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 208,302	\$ 41,268	\$ 159,501	\$ 409,071
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	144,513	297,265	-	441,778
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	27,517	(54,902)	14,102	(13,283)
Increase (Decrease) in Accounts and Other Payables	19	15,056	(102)	14,973
Total Adjustments	<u>172,049</u>	<u>257,419</u>	<u>14,000</u>	<u>443,468</u>
Net Cash Provided by Operating Activities	<u><u>\$ 380,351</u></u>	<u><u>\$ 298,687</u></u>	<u><u>\$ 173,501</u></u>	<u><u>\$ 852,539</u></u>

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

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**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2017**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ 121,814	\$ 122
Investments - at Fair Value		
Government Securities/Fixed Income	515,036	-
Mutual Funds	1,273,810	-
Domestic Common Stock	670,690	-
Foreign Common Stock	42,511	-
Accrued Interest	5,628	-
Accounts Receivable	67,709	-
	<hr/>	<hr/>
Total Assets	<u>\$ 2,697,198</u>	<u>\$ 122</u>
LIABILITIES:		
Due to Other Funds	<u>\$ 15,619</u>	<u>\$ -</u>
	<hr/>	<hr/>
Total Liabilities	15,619	-
NET POSITION:		
Committed	136,234	-
Assigned	<u>2,545,345</u>	<u>122</u>
	<hr/>	<hr/>
Total Net Position	2,681,579	122
	<hr/>	<hr/>
Total Liabilities and Net Position	<u>\$ 2,697,198</u>	<u>\$ 122</u>

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer	\$ 205,631	\$ -
Plan Members	26,502	-
Total Contributions	<u>232,133</u>	<u>-</u>
Investment Earnings:		
Interest and Dividends	41,978	-
Realized Gain on Sale of Investments	177,513	-
Net Change in Fair Value	126,521	-
Less Investment Expenses	<u>(20,420)</u>	<u>-</u>
Net Investment Income	<u>325,592</u>	<u>-</u>
Total Additions	<u>557,725</u>	<u>-</u>
DEDUCTIONS:		
Administration	3,120	-
Benefit Payments	<u>177,384</u>	<u>-</u>
Total Deductions	<u>180,504</u>	<u>-</u>
NET INCREASE	377,221	-
NET POSITION:		
Net Position, January 1	<u>2,304,358</u>	<u>122</u>
Net Position, December 31	<u><u>\$ 2,681,579</u></u>	<u><u>\$ 122</u></u>

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

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Entity

The Borough of Slatington was incorporated in 1864 and operates as a Pennsylvania Borough government under “The Borough Code” Act of February 1, 1996. The Borough Council, a seven member group, is the level of government responsible for providing a full range of municipal services including those mandated by statute or ordinance. These include public safety (police, fire and communications), transportation (highways and streets), health and sanitation services, parks and recreation, community development and planning and general administrative services. The council receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The report includes all of the services provided by the Borough to residents and businesses within its boundaries. Municipal services provided include public safety, recreation, public works, and general administration.

In evaluating the Borough as a reporting entity, management has addressed all potential component units for which the Borough may or may not be financially accountable, and as such, be includable within the Borough’s financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Borough is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Borough. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Following is a brief description of the component unit meeting the above criteria and as a result included within the financial reporting entity, a description of the component unit’s relationship with the Borough, and a discussion of how component unit information has been incorporated into the financial statements:

Slatington Borough Authority (Authority) - Operates under the laws of the Commonwealth of Pennsylvania with a board appointed by the Borough Council. The Authority was created February 1, 1957 by the Borough of Slatington for the initial purpose of constructing a sanitary sewer system which was financed by the issuance of Sewer Revenue Bonds. The Authority funds are blended into the Sewer Fund.

2. Summary of Significant Accounting Policies

The financial statements of the Borough of Slatington have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough’s accounting policies are described below.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

Basis of Presentation

The Borough's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Statements: Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Borough as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activity of the Borough at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Borough.

Fund Financial Statements: Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the Borough. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise fund are service charges for water, sewer and garbage. Operating expenses for the Borough's enterprise funds include treatment and collection costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

The Borough reports the following major governmental funds:

General Fund is the primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Community Development Block Grant - is used to account for the financial activity of the Borough's Community Development Block Grant program and other urban renewal and improvement grants.

The Borough reports three major proprietary funds:

Water Fund - is used to account for all costs incurred in the collection, treatment and distribution of water for consumption and is operated in a manner similar to a private business enterprise to be self-supporting.

Sewer Fund - is used to account for the operation and maintenance of the sanitary sewage treatment plant and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Garbage Fund - is used to account for the administration of the collection and disposal of municipal waste and recyclables in the Borough and is operated in a manner similar to a private business enterprise to be self-supporting.

The Borough's Fiduciary Fund accounts for the Police Pension Trust Fund, the Non-uniform Pension Trust Fund and the Police Health Reimbursement Plan

Police Pension Trust Fund - is used to account for pension benefits for police officers. The principal revenue sources for this fund are employer and employee contributions.

Non-Uniformed Pension Trust Fund - is used to account for pension benefits for Borough employees. The principal revenue sources for this fund are employer and employee contributions.

Police Health Reimbursement Plan Fund - is used to account for health expense reimbursement for police officers. The principal revenue source for this fund is employer contributions.

Additionally, the Borough reports the following non-major governmental funds:

General Capital Reserve Fund - is used to account for transfers from the general fund and related interest income for capital outlays not accounted for in another fund.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Liquid Fuels Tax Fund - is used to account for the financial activity of the Borough's liquid fuels tax allocation from the Commonwealth of Pennsylvania.

Fire Fund – is used to account for financial activity of the Borough's fire tax collection to be used for the acquisition of fire safety related equipment.

Capital Projects Fund - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Measurement Focus and Basis of Accounting

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting

The Borough's budget is prepared primarily on a cash basis and includes appropriations to cover prior and anticipated current encumbrances. Budgets are approved by Borough Council which contains estimated revenues adequate to fully fund appropriations. Annual operating budgets are legally adopted for the General Fund, Fire Fund, Water Fund, Sewer Fund, Garbage Fund, and Liquid Fuels Tax Fund.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds, "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value. Insurance holdings, if any, are valued at reported contract values.

Interfund Transactions

Flows of cash or goods from one fund to another without a requirement for repayment are reported as Inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund.

On fund financial statements, short-term inter-fund loans are classified as due from other funds and due to other funds. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, and grants. Business-type activities report utility charges as their major receivables.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets except for, land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building and Land Improvements	20
Treatment Plants and Mains	50
Vehicles	5 to 15
Equipment	5 to 15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-term Obligations(Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Compensated Absences

The Borough accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums, depending on years of service with the Borough. Benefits are earned on the first day of work each year. Administration personnel can carry over any unused vacation time, however, all other personnel must use up their vacation time by the end of the year. Sick leave accrues to full-time, permanent employees up to 40 days.

In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Deferred revenue may also result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date. Property taxes for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance fiscal year 2017 operations, have been recorded as deferred revenue.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Borough's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. Summary of Significant Accounting Policies (Continued)

Fund Balance Reserves

The fund balance of Governmental Fund Types and the Fiduciary Funds are classified in three separate categories. The categories, and their general meanings, are as follows:

- Committed fund balance – indicates the portion of the fund balance that can be used only for a specific purpose determined by the government’s highest level of decision-making authority.
- Assigned fund balance – indicates the portion of the fund balance that has been appropriated for specific purposes.
- Unassigned fund balance – indicates the portion of the fund balance that is available for appropriation and expenditures, in future periods.

Proprietary Fund FASB Usage

The Borough also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund, provided they do not conflict with or contradict GASB pronouncements.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Investments

General

Section 1316 of the Pennsylvania Borough Code provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Borough adheres to the statutes of the Commonwealth. Deposits of the Borough, except for Pension Trust Fund deposits which are administered by trustees, are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth’s statutes or the policy of the Borough.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Cash and Investments (Continued)

Cash (Cash on Hand and Bank Balances)

At December 31, 2017, the carrying amount of the Borough's bank deposits (excluding those held in the Pension Trust Funds, but including Agency Funds) totaled \$2,974,890 and the corresponding bank balances were \$2,694,652 of which \$250,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$2,444,652 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Borough in the amount of \$2,444,652 were collateralized by this pool of assets maintained by the Borough's depository institutions.

In addition, the Borough included in cash, amounts held on hand in petty cash. At December 31, 2017, the petty cash balance was \$300.

Investments

Under Section 1316 of the Pennsylvania Borough Code, the Borough is authorized to invest in United States Treasury Bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the U.S. Government or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for Borough funds listed above and certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or similar agencies to the extent that such accounts are so insured. Investments of pension trust funds are placed pursuant to guidelines established by the respective pension boards.

As of December 31, 2017, the Borough had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
<u>Pension Trust Funds</u>		
Corporate Bonds	Feb 2020 - Dec. 2036	\$ 181,597
US Treasury Notes and Bonds	June 2018 - Nov. 2045	307,953
Foreign Bonds	March 2026 - Jan. 2027	25,486
Mutual Funds		1,273,810
Domestic Common Stocks		670,690
Foreign Common Stocks		42,511
		<u>\$ 2,502,047</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Cash and Investments (Continued)

Interest Rate Risk

The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Borough has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Borough places limits on the amount the Borough may invest in any one issuer. Of the Borough's investments, (not including Pension Trust Funds) 100% are in certificates of deposit at various financial institutions all under the FDIC limit.

Custodial Credit Risk

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

4. Taxes Receivable

Based upon assessed valuations provided by the County (\$173,495,100 in 2017), the Borough bills and collects its own property taxes. The schedule for property taxes levied for 2017 is as follows:

April 1	- levy date
April 1 - May 30	- 2% discount period
June 1 - July 31	- face payment period
August 1 - December 31	- 10% penalty period
January 25	- lien date

The Borough tax rate for all purposes in 2017 was 5.25 mills (\$5.00 per \$1,000 of assessed valuation), of which 0.45 mills is allocated for the Fire Fund and the remaining 4.80 mills is allocated for the General Fund. The limit on millage for the general operations of the Borough is 30 mills, with separate millage limits available for fire protection, library, pension contributions and other uses. The Borough does not currently categorize the mills levied.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. Taxes Receivable (Continued)

The balances at December 31, 2017 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real Estate	\$ 89,161	\$ -	\$ 89,161	\$ 11,402	\$ 77,759
Per Capita	3,415	3,074	341	-	341
Earned Income Tax	97,254	-	97,254	-	-
Real Estate Transfer Tax	1,901	-	1,901	-	-
	<u>\$ 191,731</u>	<u>\$ 3,074</u>	<u>\$ 188,657</u>	<u>\$ 11,402</u>	<u>\$ 78,100</u>

The deferred revenue balance in the General Fund contains deferred taxes of \$78,100.

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2017 as follows:

	Due From Other Funds	Due to Other Funds
<u>Governmental Activities</u>		
General Fund	\$ 7,116,753	\$ 7,490,998
Nonmajor Funds	124,837	324,390
<u>Business Type Activities</u>		
Water Fund	655,061	634,066
Sewer Fund	1,141,027	707,165
Garbage Fund	134,560	-
<u>Fiduciary Activities</u>		
Pension Trust Funds	-	15,619
	<u>\$ 9,172,238</u>	<u>\$ 9,172,238</u>
	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
<u>Governmental Activities</u>		
General Fund	\$ 134,410	\$ -
Nonmajor Funds	-	134,410
	<u>\$ 134,410</u>	<u>\$ 134,410</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2017, was as follows:

	Balance Jan. 1, 2017	Additions	Retirements	Balance Dec. 31, 2017
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 166,486	\$ -	\$ -	\$ 166,486
Total Capital Assets Not Being Depreciated	<u>166,486</u>	<u>-</u>	<u>-</u>	<u>166,486</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	1,742,565	337,556	-	2,080,121
Building and Building Improvements	698,522	-	-	698,522
Machinery and Equipment	126,342	-	-	126,342
Vehicles	1,130,937	33,353	-	1,164,290
Total at Historical Cost	<u>3,698,366</u>	<u>370,909</u>	<u>-</u>	<u>4,069,275</u>
Less Accumulated Depreciation for:				
Land Improvements	(450,302)	(67,623)	-	(517,925)
Building and Improvements	(615,768)	(14,833)	-	(630,601)
Machinery and Equipment	(108,210)	(5,592)	-	(113,802)
Vehicles	(1,012,398)	(40,789)	-	(1,053,187)
Total Accumulated Depreciation	<u>(2,186,678)</u>	<u>(128,837)</u>	<u>-</u>	<u>(2,315,515)</u>
Government Activity Capital Assets, Net	<u>\$ 1,678,174</u>	<u>\$ 242,072</u>	<u>\$ -</u>	<u>\$ 1,920,246</u>

Depreciation expense for general fund was \$128,837 in 2017.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Capital Assets (Continued)

	Balance Jan. 1, 2017	Additions	Retirements	Balance Dec. 31, 2017
Business-Type Activities:				
<i>Capital Assets not Being Depreciated:</i>				
<i>Land</i>				
Land	\$ 80,223	\$ -	\$ -	\$ 80,223
Construction In Progress	-	88,162	-	88,162
Total Capital Assets not Being Depreciated	<u>80,223</u>	<u>88,162</u>	<u>-</u>	<u>168,385</u>
<i>Capital Assets Being Depreciated</i>				
Treatment Plants and Mains	9,182,666	-	-	9,182,666
Improvements	11,892,704	-	-	11,892,704
Machinery and Equipment	985,076	-	-	985,076
Furniture and Fixtures	32,791	-	-	32,791
Total Capital Assets Being Depreciated	<u>22,093,237</u>	<u>-</u>	<u>-</u>	<u>22,093,237</u>
Less Accumulated Depreciation	<u>(8,917,514)</u>	<u>(441,778)</u>	<u>-</u>	<u>(9,359,292)</u>
Business-type Capital Assets, Net	<u>\$ 13,255,946</u>	<u>\$ (353,616)</u>	<u>\$ -</u>	<u>\$ 12,902,330</u>

Depreciation expense for water and sewer fund was \$441,778 in 2017.

7. Agreements with Other Governments

Borough of Walnutport

In 1976, the Borough of Slatington entered into an agreement with the Borough of Walnutport which provided that Slatington will process Walnutport's sewage at Slatington's treatment plant. The agreement states that Walnutport will reimburse Slatington a portion of the operating costs of the treatment plant and also a percentage of Slatington's debt service relating to the treatment plant. For the year ended December 31, 2017, the Borough of Walnutport's share of the treatment plant's costs amounted to \$165,676.

Washington Township

Agreement with Washington Township - In 1999, the Borough of Slatington entered into an agreement with the Township of Washington which provided that Slatington will process Washington Township sewage at Slatington's treatment plant. The agreement states that Washington Township will reimburse Slatington a portion of the operating costs of the treatment plant and shared portions of the collection system. For the year ended December 31, 2017, the Township of Washington's share of the treatment plant's cost and shared portions of the collection system amounted to \$85,558.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2017, are as follows:

	Balance Jan. 1, 2017	Increases	Decreases	Balance Dec. 31, 2017	Amounts Due Within One Year
<i>Governmental Activities</i>					
2011 General Obligation Bonded Debt	\$ 63,050	\$ -	\$ (30,550)	\$ 32,500	\$ 32,500
Plus: Premium on Bond Issues	5,514	-	(2,756)	2,758	2,758
	<u>68,564</u>	-	<u>(33,306)</u>	<u>35,258</u>	<u>35,258</u>
Compensated Absences	110,937	-	(5,317)	105,620	-
	<u>\$ 179,501</u>	<u>\$ -</u>	<u>\$ (38,623)</u>	<u>\$ 140,878</u>	<u>\$ 35,258</u>
<i>Business-Type Activities</i>					
2011 General Obligation Bonded Debt	\$ 421,950	\$ -	\$ (204,450)	\$ 217,500	\$ 217,500
Plus: Premium on Bond Issues	36,910	-	(18,455)	18,455	18,455
	<u>\$ 458,860</u>	<u>\$ -</u>	<u>\$ (222,905)</u>	<u>\$ 235,955</u>	<u>\$ 235,955</u>

In May of 2011 the Borough issued a General Obligation Bond to refund the 2006 General Obligation Bonds. Long-term General Obligation Bonds payable at December 31, 2017 is comprised of the following:

\$4,410,000 2011 General Obligation Bond - Due in Annual Installments of \$235,000 to \$775,000 through June 15, 2018, with interest rates varying from .70% to 4.00%	\$ 250,000
Plus: Unamortized Premium on Bond Issues	<u>21,213</u>
	<u>\$ 271,213</u>

The annual debt service requirements to maturity, including principal and interest, without regard to bond discount amortization are as follows:

	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 250,000	\$ 5,000	\$ 255,000
	<u>\$ 250,000</u>	<u>\$ 5,000</u>	<u>\$ 255,000</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. Commitments and Contingencies

The Borough receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Borough's management, such disallowances, if any, will not be significant to the Borough's basic purpose financial statements.

10. Deferred Revenue

In June 2002, the Northern Lehigh Playground Assoc., Inc. prepaid rent to the Borough in the amount of \$50,000 to lease a parcel of land for the construction of a new community center. This deferred rent is being amortized over 50 years and the unamortized balance at December 31, 2017 is \$34,000.

11. Intergovernmental Grants

A summary of intergovernmental grants recognized in the financial statements is as follows:

	Federal	State	Local
Alcoholic Beverage Licenses (D)	\$ -	\$ 1,000	\$ -
PA Liquid Fuels Grant (D)	-	121,812	-
PA Public Utility Realty Tax (D)	-	1,281	-
PA Act 205 Pension Grant (D)	-	100,941	-
Payment in Lieu of Taxes (D)	-	-	21,915
PA Municipal Recycling Grant (D)	-	3,201	-
PA Small Water & Sewer Program (D)	-	17,922	-
PA Transportation Alternatives Program (D)	-	127,562	-
CDBG Grant (P)	75,585	-	-
	\$ 75,585	\$ 373,719	\$ 21,915

(D) Represents Direct Funding.

(P) Represents Pass-Through Funding.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

12. Defined Contribution Retirement Plan

The Borough provides pension benefits for all of its eligible full-time non-uniform employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who complete 1,000 hours of service are eligible to participate. The plan requires the Borough to contribute an amount equal to 9% of the employee's salary as defined by the plan each year. The Borough's contributions for each employee and investment earnings allocated to the employee's account are fully vested upon entering the plan.

The Borough's total non-police officer payroll for 2017 was \$587,727. The Borough's contribution using the above salaries amounts to \$55,959 for 2017.

At December 31, 2017, participants in the plans were as follows:

Participants:	
Retirees and Beneficiaries	0
Deferred Vested	1
Active Employees:	
Vested	11
Non-vested	0

13. Defined Benefit Retirement Plan

Plan Description

The Borough of Slatington Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance 663 adopted pursuant to Act 600. The plan is governed by the Borough of Slatington which may amend plan provisions, and which is responsible for the management of plan assets. The Borough of Slatington has delegated the authority to manage certain plan assets to National Penn Investors Trust Company.

The Borough of Slatington filed actuarial valuation report Form 201C with the Public Employee Retirement Commission. The report dated January 1, 2017, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Uniform employees. The Borough's uniformed pension plan covers any full-time or regular members of the police force of the Borough who work for a stated salary or compensation.

Benefits Provided

Borough of Slatington provides normal retirement, early retirement, and disability benefits to plan members and their beneficiaries. Normal retirement benefits are calculated on 50% of members average monthly compensation during the last 36 months of employment with the Borough when the member obtains the age of 50 and completes 25 years of credited service. In addition, a member shall receive a service increment of \$100 per month for each full year of service in excess of 25 years. The monthly benefit attributable to the service increment shall not exceed \$100. Early retirement benefits are determined based on an actuarial equivalent of the accrued retirement benefit, the member must have completed 20 years of service. Disability retirement benefits are equal to 50% of the salary of the member.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. Defined Benefit Retirement Plan (Continued)

At January 1, 2017, the following employees were covered by the benefit terms:

Participants:

Retirees and Beneficiaries	6
Active Employees	6
Terminated Employees	0

Contributions

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are required to contribute 5% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Employee contributions are based on the employee's annual covered salary. For the year ended December 31, 2017, the employee contribution rate was 5%. The Borough Council may, on an annual basis, reduce or eliminate member contributions to the fund.

Net Pension Liability

The Borough's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

- Salary Increases - 5% Compounded annually
- Investment Return - 8% per annum, net of investment expenses

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 2016. In addition mortality rates were based on the Blue Collar RP-2000 Mortality Table Projected to 2017 using Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.25%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. Defined Benefit Retirement Plan (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity		International Equity	7.34%
Large Cap	6.58%	Fixed Income	3.09%
Mid Cap	7.39%	Emerging Markets	10.93%
Small Cap	7.39%	Cash	0.50%

Discount Rate

The discount rate used to measure the total pension liability was 8%. 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 at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumption, the Fund'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.

Changes in Net Position Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at December 31, 2016	\$ 2,444,882	\$ 1,700,535	\$ 744,347
Changes for the year:			
Service Cost	73,828	-	73,828
Interest	189,051	-	189,051
Differences Between Expected and Actual Experience	(89,057)	-	(89,057)
Changes in Assumptions	6,699	-	6,699
Contributions - Employer	-	65,488	(65,488)
Contributions - State Aid	-	82,589	(82,589)
Contributions - Member	-	26,502	(26,502)
Net Investment Income	-	222,884	(222,884)
Benefit Payments	(146,417)	(146,417)	-
Balance at December 31, 2017	\$ 2,478,986	\$ 1,951,581	\$ 527,405

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. Defined Benefit Retirement Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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% 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%) or 1 percentage point higher (9%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability	\$ 813,351	\$ 527,405	\$ 283,881

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Borough of Slatington's Retirement Plan financial report.

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

For the year ended December 31, 2017, the Borough recognized income of \$37,301. At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (75,705)
Changes in Assumptions	5,695	-
Net Difference Between Projected and Actual Earnings on Pension plan Investments	15,682	-
Total	\$ 21,377	\$ (75,705)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Years Ended December 31,		
2018	\$	8,607
2019		8,609
2020		(20,842)
2021		(30,084)
2022		(12,348)
Thereafter		(8,270)

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. Defined Benefit Retirement Plan (Continued)

At December 31, 2017, the Borough of Slatington reported a payable of \$65,488 for outstanding employer contributions for the year.

14. Fund Balances

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Reserve Fund	Fire Fund	General Capital Reserve Fund	Liquid Fuels Tax Fund	Pension Trust Fund	Private Purpose Trust Fund	Totals
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,234	\$ -	\$ 136,234
Assigned	-	(82,919)	(240,625)	287,429	17,377	2,545,345	122	2,526,729
Unrestricted	9,473	-	-	-	-	-	-	9,473
Totals	<u>\$ 9,473</u>	<u>\$ (82,919)</u>	<u>\$ (240,625)</u>	<u>\$ 287,429</u>	<u>\$ 17,377</u>	<u>\$ 2,681,579</u>	<u>\$ 122</u>	<u>\$ 2,672,436</u>

15. Operating Lease

The Borough leases certain equipment under a long-term lease agreement, expiring September 2020. Expenses incurred under the leases were \$2,340 for 2017. Future minimum lease payments are as follows:

Year ending December 31,

2018	\$ 2,340
2019	2,052
2020	<u>1,431</u>

Total Minimum Lease Payments \$ 5,823

16. Capital Lease

The Borough leases a copier and police vehicle under non-cancellable lease that are classified as capital leases expiring May 2019. The lease agreements contain a bargain purchase option at the end of the lease term.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

16. Capital Lease (Continued)

Future minimum lease payments under the capital lease is as follows:

Year ending December 31,				
	2018	\$		13,938
	2019			11,555
Total minimum lease payments				25,493
Less: amount representing interest				<u>(1,506)</u>
Present value of minimum lease payments		\$		23,987
Less: Current Portion				<u>(12,691)</u>
Capital Lease Obligation, Net		\$		<u>11,296</u>

Property and equipment include the following amounts for lease obligations which have been capitalized.

Equipment			
	\$		45,653
Less: Accumulated Depreciation			<u>(15,604)</u>
Net Book Value		\$	<u>30,049</u>

Lease amortization, included in depreciation expense, was \$8,019 in 2017.

17. Risk Management and Litigation

Risk Management

The Borough is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2017 and the two previous fiscal years, no settlements exceeded insurance coverage.

Litigation

In the normal course of operations the Borough is involved in various civil disputes. Management and Borough solicitor estimate that the amount of actual potential claims against the Borough as of December 31, 2017, will not materially affect the financial condition of the Borough.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

18. Commitments and Contingencies

Loan Guarantee

Borough of Slatington is a Guarantor of the loan with a related party Slatington Borough Authority as of December 31, 2017. The Borough would be obligated to perform under these guarantees if Slatington Borough Authority failed to pay principal and interest payments to the lenders when due.

19. Prior Period Adjustment

The December 31, 2016 financial statements have been restated to include reimbursements from workers compensation insurance related to police officer salaries and State Pension Aid for underreporting eligible participants in AG-385 that amounted to \$63,904. Also, included in the restatement is an invoice payable to McGovern Environmental LLC for 2016 sludge removal. The restatement of the 2016 financial statements is as follows:

	General
Fund Balance - December 31, 2016 (as previously reported)	\$ 151,590
Adjustment for State Pension Aid Reimbursement	12,755
Adjustment for Workers Compensation Reimbursement	51,149
Fund Balance - December 31, 2016 (as restated)	\$ 215,494
	Sewer Disposal
Net Position - December 31, 2016 (as previously reported)	\$ 8,729,213
Adjustment for McGovern Environmental LLC Invoices	(15,404)
Net Position - December 31, 2016 (as restated)	\$ 8,713,809

20. Subsequent Events

In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through September 7, 2018, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>TAXES</u>	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Real Estate,				
Current Year	\$ 801,436	\$ 801,436	\$ 784,261	\$ (17,175)
Prior Year	32,000	32,000	45,243	13,243
Interim	-	-	568	568
Per Capita,				
Current Year	10,000	10,000	8,153	(1,847)
Prior Year	1,000	1,000	4,846	3,846
Proportional Assessment, Act 511				
Real Estate Transfer Tax	28,500	28,500	55,531	27,031
Earned Income Taxes	352,500	352,500	376,222	23,722
Local Service Tax	31,000	31,000	29,376	(1,624)
Total Taxes	1,256,436	1,256,436	1,304,200	47,764
<u>LICENSES AND PERMITS</u>				
Building Permits	4,000	4,000	15,658	11,658
Miscellaneous Permits and Fees	17,350	17,350	17,869	519
Franchise	70,000	70,000	66,599	(3,401)
Total Licenses and Permits	91,350	91,350	100,126	8,776
<u>FINES AND FORFEITS</u>				
Violation of Ordinances	9,750	9,750	6,773	(2,977)
Justices	19,950	19,950	27,046	7,096
Total Fines and Forfeits	29,700	29,700	33,819	4,119
<u>INTEREST AND RENTS</u>				
Interest Income	2,000	2,000	1,643	(357)
Rent of Building	123,900	123,900	123,834	(66)
Total Interest and Rents	125,900	125,900	125,477	(423)
<u>INTERGOVERNMENTAL REVENUE</u>				
Public Utility Realty Tax	1,550	1,550	1,281	(269)
Beverage Licenses	1,000	1,000	1,000	-
State Aid for Pension	78,417	78,417	100,941	22,524
Snow Removal and Recycling Grants	2,500	2,500	3,201	701
Miscellaneous Grants	2,770	2,770	203,147	200,377
Payments in Lieu of Taxes	6,070	6,070	21,915	15,845
Total Intergovernmental Revenue	92,307	92,307	331,485	239,178

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<u>CHARGES FOR CURRENT SERVICES:</u>				
Protection Services for Plant	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Parking Meters, Permits and Signs	1,680	1,680	1,800	120
Animal Control	20	20	-	(20)
Recreational Facilities	1,500	1,500	1,300	(200)
Total Charges for Services	48,200	48,200	48,100	(100)
<u>MISCELLANEOUS REVENUES:</u>				
Sale of Supplies	30	30	-	(30)
Postage and Certified Fees	6,100	6,100	7,540	1,440
Miscellaneous	2,250	2,250	29,580	27,330
Contributions	-	-	1,505	1,505
Refunds of Prior Year Expenditures	-	-	19,915	19,915
Refund of Medical Benefit Expenses	32,000	32,000	29,597	(2,403)
Total Miscellaneous Revenue	40,380	40,380	88,137	47,757
<u>OTHER FINANCING PROVIDED:</u>				
Transfer from Liquid Fuels	-	-	134,410	(134,410)
Total Other Financing Provided	-	-	134,410	(134,410)
TOTAL REVENUES	\$ 1,684,273	\$ 1,684,273	\$ 2,165,754	\$ 347,071

See independent auditor's report on other supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
GENERAL GOVERNMENT:				
<i>Administration:</i>				
Council-Salaries	\$ 3,437	\$ 3,437	\$ 5,499	\$ (2,062)
Mayor-Salary	625	625	1,000	(375)
Borough Manager - Salary	11,375	11,375	26,107	(14,732)
Secretary-Salary	7,498	7,498	7,588	(90)
Treasurer-Salary	8,892	8,892	9,375	(483)
Janitorial Wages	20,600	20,600	20,525	75
Materials and Supplies-General	7,000	7,000	10,878	(3,878)
Postage	1,500	1,500	1,406	94
Mileage	100	100	13	87
Advertising and Printing	1,900	1,900	5,469	(3,569)
Insurance	7,500	7,500	21,023	(13,523)
Association Expenses	800	800	1,301	(501)
Auditing Services	30,000	30,000	76,789	(46,789)
Engineering Services	5,000	5,000	9,700	(4,700)
Legal Services	42,500	42,500	79,544	(37,044)
Communication Expenses	3,000	3,000	2,847	153
Bank Fees	250	250	5,517	(5,267)
IT and Data Processing	6,000	6,000	10,174	(4,174)
Vehicle Maintenance and Repairs	500	500	862	(362)
Gas and Oil	200	200	-	200
Property Taxes	1,350	1,350	1,469	(119)
Seminars and Education	300	300	165	135
Capital Purchases	1,500	1,500	-	1,500
	<u>161,827</u>	<u>161,827</u>	<u>297,251</u>	<u>(135,424)</u>
<i>Tax Collection:</i>				
Tax Enumerator-Salary	13,500	13,500	8,605	4,895
Contracted Services - EIT Collection	10,000	10,000	3,166	6,834
Miscellaneous	1,500	1,500	652	848
	<u>25,000</u>	<u>25,000</u>	<u>12,423</u>	<u>12,577</u>
<i>Municipal Buildings or Offices:</i>				
Fuel, Light and Water	27,500	27,500	27,632	(132)
Maintenance and Repairs	30,850	30,850	18,459	12,391
	<u>58,350</u>	<u>58,350</u>	<u>46,091</u>	<u>12,259</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 245,177</u>	<u>\$ 245,177</u>	<u>\$ 355,765</u>	<u>\$ (110,588)</u>

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
PUBLIC SAFETY:				
<i>Police:</i>				
Chief-Salary	\$ 85,545	\$ 85,545	\$ 82,348	\$ 3,197
Patrolmen-Salary	439,275	439,275	431,313	7,962
Special-Salary	91,155	91,155	140,483	(49,328)
Foreman and Labor	3,000	3,000	4,501	(1,501)
Materials and Supplies	4,700	4,700	7,464	(2,764)
Uniforms	9,040	9,040	7,441	1,599
Ammunition and Similar Supplies	2,500	2,500	3,775	(1,275)
Postage	600	600	498	102
Mileage	250	250	-	250
Advertising and Printing	-	-	555	(555)
Insurance	57,152	57,152	73,966	(16,814)
Association Expense	175	175	85	90
Legal Services	1,000	1,000	22,548	(21,548)
Communication Expense	2,500	2,500	2,012	488
IT and Data Processing	7,000	7,000	8,843	(1,843)
Maintenance and Repairs	-	-	4,197	-
Capital Outlay	3,975	3,975	-	3,975
Police - Seminars	500	500	60	440
Child Abuse Investigator	1,500	1,500	-	1,500
Vehicle Expense,-				
Insurance	6,967	6,967	5,996	971
Communication Expense	-	-	306	(306)
Vehicle Maintenance and Repairs	6,600	6,600	14,945	(8,345)
Gas, Oil and Grease	9,500	9,500	11,332	(1,832)
Vehicle Purchases	12,542	12,542	11,555	987
	<u>745,476</u>	<u>745,476</u>	<u>834,223</u>	<u>(84,550)</u>
<i>Planning and Zoning:</i>				
Ordinance Enforcement Officer	34,112	34,112	10,573	23,539
Zoning Hearing Board	400	400	-	400
General Expense	500	500	246	254
Uniforms	150	150	-	150
Professional Services	-	-	62,569	(62,569)
Legal Services	4,800	4,800	20,356	(15,556)
Postage	75	75	-	75
Advertising	350	350	2,568	(2,218)
Communication Expense	500	500	278	222
Mileage	50	50	51	(1)
Gas and Oil	350	350	85	265
Court Reporter	500	500	423	77
	<u>41,787</u>	<u>41,787</u>	<u>97,149</u>	<u>(55,362)</u>
<i>Ambulance</i>				
Donation	9,300	9,300	9,300	-
Insurance	700	700	676	24
	<u>10,000</u>	<u>10,000</u>	<u>9,976</u>	<u>24</u>
TOTAL PUBLIC SAFETY	<u>\$ 797,263</u>	<u>\$ 797,263</u>	<u>\$ 941,348</u>	<u>\$ (139,888)</u>

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
HEALTH AND HUMAN SERVICES:				
<i>Health Services</i>				
Wages	\$ 4,350	\$ 4,350	\$ 1,575	\$ 2,775
General Expense	250	250	421	(171)
Uniforms	-	-	-	-
Contracted Services	400	400	-	400
Legal Services	-	-	-	-
Communication Expense	450	450	82	368
Postage	50	50	-	50
Mileage	50	50	-	50
Advertising	50	50	117	(67)
Gas and Oil	-	-	-	-
Vehicle Maint. and Repairs	-	-	-	-
TOTAL HEALTH AND HUMAN SERVICES	\$ 5,600	\$ 5,600	\$ 2,195	\$ 3,405

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
HIGHWAY AND STREETS:				
<i>General Services:</i>				
Salaries, Forman and Labor	\$ 157,090	\$ 157,090	\$ 163,822	\$ (6,732)
Borough Manager	11,375	11,375	-	11,375
Supplies and Materials	16,300	16,300	17,254	(954)
Advertising	1,200	1,200	-	1,200
Insurance	24,025	24,025	20,814	3,211
Engineering Services	18,950	18,950	25,251	(6,301)
Contracted Services	2,600	2,600	1,967	633
Legal Services	2,075	2,075	11,706	(9,631)
IT and Data Processing	300	300	60	240
Highway - Seminars	500	500	460	40
Vehicle Expense -				
Maintenance and Repairs (Vehicles)	13,750	13,750	23,078	(9,328)
Gas, Oil and Grease	14,000	14,000	14,552	(552)
Tires and Tubes	1,000	1,000	558	442
Maint. and Repairs (Equipment)		-		-
Construction Projects	5,000	5,000	209,659	(204,659)
Major Equipment Purchase	1,200	1,200	-	1,200
	<u>269,365</u>	<u>269,365</u>	<u>489,181</u>	<u>(219,816)</u>
<i>Winter Maintenance:</i>				
Snow and Ice Removal	-	-	319	(319)
	<u>-</u>	<u>-</u>	<u>319</u>	<u>(319)</u>
<i>Traffic Control Devices:</i>				
Street Signs and Markings	2,000	2,000	1,683	317
Electrical, Traffic Lights	-	-	1,500	(1,500)
Maintenance, Traffic Lights	250	250	770	(520)
	<u>2,250</u>	<u>2,250</u>	<u>3,953</u>	<u>(1,703)</u>
<i>Repairs of Tools & Machinery</i>				
Tool and Machinery	2,000	2,000	-	2,000
	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Parking Facilities</i>				
Lighting and Maintenance	1,050	1,050	818	232
	<u>1,050</u>	<u>1,050</u>	<u>818</u>	<u>232</u>
TOTAL HIGHWAYS AND STREETS	<u>\$ 274,665</u>	<u>\$ 274,665</u>	<u>\$ 494,271</u>	<u>\$ (219,606)</u>

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
GENERAL FUND - SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET COMPARISON
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
CULTURE AND RECREATION:				
<i>General Services</i>				
Wages	\$ 6,200	\$ 6,200	\$ 7,213	\$ (1,013)
General Expense	1,500	1,500	1,559	(59)
Insurance	450	450	305	145
Legal Services	-	-	1,744	(1,744)
Parks and Playgrounds	5,700	5,700	130,708	(125,008)
Repairs and Maintenance - Building	1,000	1,000	240	760
Recreation Authority	-	-	-	-
Contributions	19,446	19,446	21,870	(2,424)
TOTAL CULTURE AND RECREATION	\$ 34,296	\$ 34,296	\$ 163,639	\$ (129,343)
MISCELLANEOUS:				
<i>Miscellaneous:</i>				
Unemployment Compensation	\$ 3,000	\$ 3,000	\$ 3,078	\$ 78
Social Security	38,000	38,000	38,383	383
Hospitalization	85,000	85,000	86,765	1,765
Transfer to Employees' Pension Fund	37,100	37,100	34,524	(2,576)
Miscellaneous	1,550	1,550	4,046	2,496
TOTAL MISCELLANEOUS	\$ 164,650	\$ 164,650	\$ 166,796	\$ 2,146
DEBT SERVICE:				
Interest	\$ 32,461	\$ 32,461	\$ 32,542	\$ (81)
TOTAL DEBT SERVICE	\$ 32,461	\$ 32,461	\$ 32,542	\$ (81)
OTHER FINANCING USES:				
<i>Transfers:</i>				
Transfer to Police Pension	\$ 130,000	\$ 130,000	\$ 215,218	\$ (85,218)
Transfer to Other Funds	-	-	-	-
TOTAL OTHER FINANCING USES	\$ 130,000	\$ 130,000	\$ 215,218	\$ (85,218)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 1,684,112	\$ 1,684,112	\$ 2,371,774	\$ (679,173)

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF BOROUGH CONTRIBUTIONS -
POLICE PENSION PLAN
FOR THE LAST TEN YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 108,886	\$ 108,937	\$ 130,264	\$ 108,991	\$ 114,149	\$ 107,484	\$ 129,978	\$ 124,276	\$ 142,190	\$ 148,077
Contributions in Relation to the Actuarially Determined Contribution	<u>109,320</u>	<u>108,937</u>	<u>131,310</u>	<u>108,991</u>	<u>114,149</u>	<u>107,484</u>	<u>129,978</u>	<u>142,276</u>	<u>142,190</u>	<u>148,077</u>
Contribution Excess	<u>\$ (434)</u>	<u>\$ -</u>	<u>\$ (1,046)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 432,055	\$ 432,425	\$ 415,954	\$ 437,681	\$ 485,464	\$ 438,293	\$ 488,686	\$ 400,816	\$ 432,497	\$ 497,131
Contributions as a Percentage of Covered Employee Payroll	25.3%	25.2%	31.6%	24.9%	23.5%	24.5%	26.6%	35.5%	32.9%	29.8%

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS ENDED**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 62,023	\$ 65,124	\$ 73,828
Interest	179,899	186,841	189,051
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	(89,057)
Changes of Assumptions	-	-	6,699
Benefit Payments, Including Refunds of Member Contributions	<u>(161,567)</u>	<u>(154,936)</u>	<u>(146,417)</u>
Net Change in Total Pension Liability	80,355	97,029	34,104
Total Pension Liability - Beginning	<u>2,267,498</u>	<u>2,347,853</u>	<u>2,444,882</u>
Total Pension Liability - Ending	<u>\$ 2,347,853</u>	<u>\$ 2,444,882</u>	<u>\$ 2,478,986</u>
Plan Fiduciary Net Pension			
Contributions - Employer	\$ 63,859	\$ 67,141	\$ 65,488
Contributions - State Aid	78,417	75,049	82,589
Contributions - Member	24,391	25,330	25,502
Net Investment Income	(20,057)	80,080	222,884
Benefit Payments, Including Refunds of Member Contributions	(161,567)	(154,936)	(146,417)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(14,957)</u>	<u>92,664</u>	<u>251,046</u>
Plan Net Position - Beginning	<u>1,622,828</u>	<u>1,607,871</u>	<u>1,700,535</u>
Plan Net Position - Ending	<u>\$ 1,607,871</u>	<u>\$ 1,700,535</u>	<u>\$ 1,951,581</u>
Municipality's Net Pension Liability	\$ 739,982	\$ 744,347	\$ 527,405
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.5%	69.6%	78.7%
Covered Employee Payroll	\$ 400,816	\$ 432,497	\$ 497,131
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	184.6%	172.1%	106.1%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See independent auditor's report on required supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES -
POLICE PENSION PLAN
DECEMBER 31, 2017**

Actuarial Methods

1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.

Actuarial Assumptions

1. Economic Assumptions
 - a) Investment Return - 8% per annum, net investment expenses
 - b) Salary Increases - 5% compounded annually
2. Economic Assumptions
 - a) Mortality
 - Pre-Retirement - None
 - Post-Retirement - The Blue Collar RP-2000 Mortality Table Projected to 2017 using Scale AA
 - b) Termination - None assumed
 - c) Disability - None assumed
 - d) Retirement Age - normal retirement age, or age on valuation date if greater
 - e) Marital Status - 100% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse
 - f) Form of Annuity - 50% Joint and Survivor

OTHER SUPPLEMENTARY INFORMATION

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**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING BALANCE SHEET – NON - MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue Funds		
	Liquid Fuels Tax	General Capital Reserve Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 116,931	\$ 177,429	\$ 294,360
Due from Other Funds	-	110,000	110,000
Total Assets	\$ 116,931	\$ 287,429	\$ 404,360
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 8,059	\$ -	\$ 8,059
Due to Other Funds	91,495	-	91,495
Note Payable to Sewer Fund	-	-	-
Total Liabilities	99,554	-	99,554
Fund Balances			
Assigned	17,377	287,429	304,806
Total Fund Balances	17,377	287,429	304,806
Total Liabilities and Fund Balances	\$ 116,931	\$ 287,429	\$ 404,360

See independent auditor's report on supplementary information.

Capital Projects Fund	Fire Fund	Total Non-Major Governmental Funds
\$ 2,808	\$ (13,799)	\$ 283,369
-	14,837	124,837
<u>\$ 2,808</u>	<u>\$ 1,038</u>	<u>\$ 408,206</u>
\$ -	\$ -	\$ 8,059
85,727	147,168	324,390
-	94,495	94,495
<u>85,727</u>	<u>241,663</u>	<u>426,944</u>
<u>(82,919)</u>	<u>(240,625)</u>	<u>(18,738)</u>
<u>(82,919)</u>	<u>(240,625)</u>	<u>(18,738)</u>
<u>\$ 2,808</u>	<u>\$ 1,038</u>	<u>\$ 408,206</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – NON - MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017**

	Special Revenue Funds		
	Liquid Fuels Tax	General Capital Reserve Fund	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Interest Earnings	130	2	132
Intergovernmental	121,812	-	121,812
Miscellaneous	-	-	-
Total Revenues	<u>121,942</u>	<u>2</u>	<u>121,944</u>
EXPENDITURES			
General Government	-	-	-
Administration	-	-	-
Highways and Streets	99,661	-	99,661
Fire Station and Truck	-	-	-
Community Develop. and Housing	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>99,661</u>	<u>-</u>	<u>99,661</u>
Excess (Deficiency) of Revenues over Expenditures	<u>22,281</u>	<u>2</u>	<u>22,283</u>
OTHER FINANCING USES			
Transfers Out	<u>(134,410)</u>	<u>-</u>	<u>(134,410)</u>
Total Other Financing Sources and Uses	<u>(112,129)</u>	<u>2</u>	<u>(112,127)</u>
Net Changes in Fund Balances	(112,129)	2	(112,127)
Fund Balances, January 1	<u>129,506</u>	<u>287,427</u>	<u>416,933</u>
Fund Balances, December 31	<u>\$ 17,377</u>	<u>\$ 287,429</u>	<u>\$ 304,806</u>

See independent auditor's report on supplementary information.

Capital Projects Fund	Fire Fund	Total Non-Major Governmental Funds
\$ -	\$ 77,811	\$ 77,811
1	-	133
-	-	121,812
-	-	-
<u>1</u>	<u>77,811</u>	<u>199,756</u>
-	-	-
-	582	582
-	-	99,661
-	94,535	94,535
-	-	-
-	-	-
-	-	-
-	3,044	3,044
<u>-</u>	<u>98,161</u>	<u>197,822</u>
<u>1</u>	<u>(20,350)</u>	<u>1,934</u>
<u>-</u>	<u>-</u>	<u>(134,410)</u>
<u>1</u>	<u>(20,350)</u>	<u>(132,476)</u>
1	(20,350)	(132,476)
(82,920)	(220,275)	113,738
<u>\$ (82,919)</u>	<u>\$ (240,625)</u>	<u>\$ (18,738)</u>

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF NET POSITION
ALL PENSION AND PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2017**

	Pension Trust Funds			Private Purpose Trust Funds
	Police Pension	Employees' Pension	Total	Police Health Reimbursement Plan
ASSETS:				
Cash and Cash Equivalents	\$ 121,814	\$ -	\$ 121,814	\$ 122
Investments - At Fair Value				
Government Securities/Fixed Income	515,036	-	515,036	-
Mutual Funds	530,195	743,615	1,273,810	-
Domestic Common Stock	670,690	-	670,690	-
Foreign Common Stock	42,511	-	42,511	-
Accrued Interest	5,628	-	5,628	-
Accounts Receivable	66,526	1,183	67,709	-
Total Assets	<u>\$ 1,952,400</u>	<u>\$ 744,798</u>	<u>\$ 2,697,198</u>	<u>\$ 122</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	15,619	-	15,619	-
Due to Employer	-	-	-	-
Deferred Pension Contribution	-	-	-	-
Total Liabilities	<u>15,619</u>	<u>-</u>	<u>15,619</u>	<u>-</u>
NET POSITION:				
Committed	136,234	-	136,234	-
Assigned	1,800,547	744,798	2,545,345	122
Total Net Position	<u>1,936,781</u>	<u>744,798</u>	<u>2,681,579</u>	<u>122</u>
Total Liabilities and Net Position	<u>\$ 1,952,400</u>	<u>\$ 744,798</u>	<u>\$ 2,697,198</u>	<u>\$ 122</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PENSION AND PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Pension Trust Funds			Private Purpose Trust Fund
	Police Pension	Employees' Pension	Total	Police Health Reimbursement Plan
ADDITIONS:				
<i>Contributions:</i>				
Employer	\$ 148,214	\$ 57,417	\$ 205,631	\$ -
Plan Members	26,502	-	26,502	-
Total Contributions	174,716	57,417	232,133	-
<i>Investment Earnings:</i>				
Interest and Dividends	41,978	-	41,978	-
Realized Gain on Sale of Investments	177,513	-	177,513	-
Net Change in Fair Value	21,348	105,173	126,521	-
Less Investment Expenses	(18,224)	(2,196)	(20,420)	-
Total Additions	397,331	160,394	557,725	-
DEDUCTIONS:				
Administration	3,120	-	3,120	-
Benefit Payments	146,602	30,782	177,384	-
Total Deductions	149,722	30,782	180,504	-
Excess of Additions Over Deductions	247,609	129,612	377,221	-
NET POSITION				
Net Position, January 1,	1,689,172	615,186	2,304,358	122
Net Position, December 31	<u>\$ 1,936,781</u>	<u>\$ 744,798</u>	<u>\$ 2,681,579</u>	<u>\$ 122</u>

See independent auditor's report on supplementary information.

**BOROUGH OF SLATINGTON
SLATINGTON, PENNSYLVANIA
SCHEDULE OF ACCUMULATED EMPLOYEE CONTRIBUTIONS
POLICE PENSION FUND**

	Balance 1/1/2017	Contributions 2017	Payments 2017	Balance 12/31/2017
Alercia, David	\$ 20,051	\$ 4,035	\$ -	\$ 24,086
Borst, William	8,430	4,789	-	13,219
Dorward, Dwayne	21,195	4,486	-	25,681
Rachman, David	19,419	3,928	-	23,347
Taibi, Salvatore	21,029	3,972	-	25,001
Wagner, Timothy	19,608	5,292	-	24,900
TOTAL ASSETS	\$ 109,732	\$ 26,502	\$ -	\$ 136,234

Auditor's Note: (1) Ordinance #402 provides for employee contributions to be refunded within 60 days upon discontinuance of employment for reasons other than retirement.

See independent auditor's report on supplementary information.