

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA

FINANCIAL STATEMENTS

December 31, 2016

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
December 31, 2016

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BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
December 31, 2016

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### INDEPENDENT AUDITOR'S REPORT

To the Borough Council and Management of  
The Borough of Shamokin Dam  
42 West Eighth Ave., Suite 1  
Shamokin Dam, Pennsylvania 17876

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Shamokin Dam, Shamokin Dam, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough of Shamokin Dam'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Shamokin Dam, Shamokin Dam, Pennsylvania, as of December 31, 2016, and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the modified cash basis financial statements that collectively comprise the Borough of Shamokin Dam's basic financial statements. The management's discussion and analysis, budgetary comparison, and pension information on pages 3-7, 46, and 47 – 50, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic modified cash basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Hening, Roll + Soloma". The signature is cursive and fluid, with "Hening" at the top, followed by a comma, "Roll", and a plus sign, followed by "Soloma" at the bottom.

July 17, 2017

**BOROUGH OF SHAMOKIN DAM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2016  
(Unaudited)**

This discussion and analysis of the Borough of Shamokin Dam's financial performance provides an overview review of the Borough's financial activities for the fiscal year ending December 31, 2016. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole. Readers should review the financial statements and associated notes along with the Budgetary Comparison Schedule.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement Number 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

The Borough's overall financial condition, as in previous years, remains solid. The financial trends for 2016 changed from those from fiscal year 2015, especially in the area of the General Fund. Real estate tax collections were consistent to those budgeted in 2016. Realty transfer taxes collected was lower in comparison to 2015. Earned income tax collections were significantly higher than budgeted due to the construction of the Hummel Station power plant, which is a temporary windfall until the plant is completed. The remaining increased amounts directly relate back to the turnover in housing. Business privilege taxes collections were 14.2% higher than budgeted. Costs associated with liability insurance and employee health insurance were slightly higher when compared to those in 2016. As in 2015, water and sewer related revenue again exceeded expenses in 2016, with most of the remaining funds going to fund our capital budgets.

#### **General Fund**

The Borough restructured the levying of taxes in 2016. The general millage rate dropped from 11.5 to 10.0 mils, and a separate fire protection tax of 3.0 mils was added. 2016 revenue exceeded expenditures mostly due to the taxes levied to the power plant construction noted above. The Borough purchased a new police vehicle and a utility van for the Borough crew in 2016. The Borough also purchased a property in Monroe Township, to eventually be annexed into the Borough, and a portion of that land will be added to the Weller Field property. The general fund capital budgets, \$78,200 in 2016 (including Fire Company and future police retirement obligation), were totally funded due to the excess revenue. It continues to be a benefit to be able to purchase equipment and meet our future benefit obligations through capital funds without depleting our reserves in the process.

#### **Other Funds**

Water/Sewer fund balances remain solid. Revenue has increased to help fund our capital reserves and to pay for our treatment of sewage. In 2016, we did not do any major projects within the system however; we did install new equipment at the water treatment plant, which was part of our capital improvements plan.

The Fiduciary (pension) funds for uniformed and non-uniformed are financially solid in comparison to their liabilities.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in a format consistent with the presentation requirements of the GASB Statement Number 34 present both government-wide, and fund level financial statements using the modified cash basis of accounting.

## **Government-Wide Financial Statements**

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Borough's overall financial status.

The Government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities resulting from the use of the modified cash basis of accounting.

The two government-wide statements report our net assets, and how they have changed from the previous year. Net Position, the difference between the Borough's net position and liabilities, are one way to measure the Borough's financial health or position. Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating, respectively.

Regarding the Borough's tax base, the Borough real estate taxes were assessed at ten (10.0) mils in 2016, a new three (3.0) mil fire protection tax was introduced in 2016. Revenue from real estate taxes varies from year to year due to the constantly changing county property assessment rates.

The government-wide financial statements of the Borough are divided into two (2) categories:

**Governmental Activities** – All of the Borough's basic services are included here, such as public safety, public works and administration. Property taxes, state grants and charges for services finance most of these activities.

**Business-type Activities** – The Borough operates a water distribution and sewer collection system. Fees are charged to customers of these utilities for operational expenses and tapping fees from new construction for capital related costs.

## **Fund Level Financial Statements**

The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements explain how the Borough's general services are funded in the short-term, as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the Borough operates like a business. For the Borough, this is our Water and Sewer Fund. Fiduciary fund statements provide information about financial relationships where the Borough acts solely as a trustee or agent for the benefit of others.

**Governmental Funds** – Most of the Borough's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that utilized in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the Statement of net position and the Statement of Activities) and governmental funds are reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data.

**Proprietary funds** – These funds account for Borough activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the Borough charges customers for services it provides (whether to outside customers or to other units in the Borough), will generally be reported in proprietary funds. The Water and Sewer Fund is the Borough's proprietary fund, shown as the business-type activities that we report in the government-wide statements.

**Fiduciary Funds** – The Borough is the trustee, or fiduciary, for the Uniform (Police), and non-uniform pension plans and escrow funds. All of the Borough's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Borough's other financial statements because the Borough cannot use these assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE BOROUGH – GOVERNMENT-WIDE STATEMENTS**

The Borough's total net position (modified cash basis) was **\$7,024,903** on December 31, 2016 versus **\$6,486,466** on January 1, 2016, an increase of **\$538,437**. The following table presents condensed financial information for the net position, arising from modified cash transactions, of the Borough from January 1, 2016 to December 31, 2016.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>						
Total Current Assets	\$ 1,378,254	1,338,751	2,046,013	1,708,485	3,424,267	3,047,236
Total Noncurrent Assets	<b>1,726,253</b>	1,578,285	<b>2,422,638</b>	2,494,735	<b>4,148,891</b>	4,073,020
<b>TOTAL ASSETS</b>	<b>\$ 3,104,507</b>	<u>2,917,036</u>	<b>4,468,651</b>	<u>4,203,220</u>	<b>7,573,158</b>	<u>7,120,256</u>
<b>LIABILITIES</b>						
Total Current Liabilities	\$ 0	0	<b>87,550</b>	85,538	<b>87,550</b>	85,538
Total Noncurrent Liabilities	\$ 0	0	<b>460,705</b>	548,252	<b>460,705</b>	548,252
<b>TOTAL LIABILITIES</b>	<b>0</b>	<u>0</u>	<b>548,255</b>	<u>633,790</u>	<b>548,255</b>	<b>633,790</b>
<b>TOTAL NET POSITION</b>	<b>\$ 3,104,507</b>	<u>2,917,036</u>	<b>3,920,396</b>	<u>3,569,430</u>	<b>7,024,903</b>	<u>6,486,466</u>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 3,104,507</b>	<u>2,917,036</u>	<b>4,468,651</b>	<u>4,203,220</u>	<b>7,573,158</b>	<u>7,120,256</u>

The results of this year's operations as a whole are noted in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenue. The largest revenues are property taxes, business privilege taxes and earned income taxes.

The following table presents condensed financial information for the Statement of Activities in a different format so that you can see our total revenues for the year.

Functions/Programs							Net (Expense) Revenue and Changes in Net Position
	Program Revenues			Governmental Activities			Business-type Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
<b>Governmental activities:</b>							
General Government	\$ 187,053	750	57,186	0	(129,117)	0	(129,117)
Public Safety	283,055	33,136	0	0	(236,147)	0	(236,147)
Public Works - Sanitation	3,418	0	0	0	(3,418)	0	(3,418)
Public Works - Highways & Sts	197,534	0	55,794	0	(141,740)	0	(141,740)
Culture and Recreation	22,945	1,275	19,500	0	(2,170)	0	(2,170)
Miscellaneous Expenditures	115,530	0	0	0	(115,530)	0	(115,530)
<b>Total Governmental Activities</b>	<b>\$ 809,535</b>	<b>35,161</b>	<b>146,252</b>	<b>0</b>	<b>(628,122)</b>	<b>0</b>	<b>(628,122)</b>
<b>Business-type activities:</b>							
Water	\$ 332,476	397,492	0	0	0	65,016	65,016
Sewer	381,550	625,740	0	0	0	244,190	244,190
<b>Total Business Type Act</b>	<b>\$ 714,026</b>	<b>1,023,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309,206</b>	<b>309,206</b>
<b>Total primary government:</b>	<b>\$ 1,523,561</b>	<b>1,058,393</b>	<b>146,252</b>	<b>0</b>	<b>(628,122)</b>	<b>309,206</b>	<b>(318,916)</b>

### General Revenue:

#### Taxes:

Property taxes, levied for general purposes, net	\$ 313,344	0	313,344
Other taxes levied for general purposes	434,893	0	434,893
<b>Investment Earnings / Rents</b>	<b>39,257</b>	<b>23,924</b>	<b>63,181</b>
<b>Miscellaneous Income</b>	<b>6,991</b>	<b>17,836</b>	<b>24,827</b>
<b>Gain on Asset Disposals</b>	<b>21,108</b>	<b>0</b>	<b>21,108</b>
<b>Total General Revenue</b>	<b>\$ 815,593</b>	<b>41,760</b>	<b>857,353</b>
<b>Change in Net Position</b>	<b>\$ 187,471</b>	<b>350,966</b>	<b>538,437</b>
<b>Net Position - January 1, 2016</b>	<b>\$ 2,917,036</b>	<b>3,569,430</b>	<b>6,486,466</b>
<b>Net Position - December 31, 2016</b>	<b>\$ 3,104,507</b>	<b>3,920,396</b>	<b>7,024,903</b>

## **GOVERNMENTAL FUNDS**

Most of the Borough's activities are reported in governmental funds. Governmental funds are reported using the modified cash basis of accounting. Governmental funds include the General Fund and Liquid Fuels Fund. By far the most prominent fund is the General Fund.

## **DEBT ADMINISTRATION**

As of December 31, 2016, the Borough had a total outstanding debt of **\$548,255** versus **\$633,790** on December 31, 2015. The outstanding debt is divided between two projects, the North Old Trail water/sewer project and the elevated tank project that were done approximately 19 years ago. The Borough consolidated and refinanced their debt service (principal loan balances) in 2012. Northumberland National Bank offered a 10 year fixed loan at a rate of 2.25%. The projects consolidated were the elevated tank project, which had a current interest rate of 3.768% until 2021, and the Old Trail water/sewer line replacement, which had an interest rate of 3.39% until 2026.

## **THE BOROUGH'S FUTURE**

In 2016, the Borough had a few longer-term investments mature, and we reinvested the money into short-term investments (money markets and liquid). We need to look at investing into longer term type investments in 2017 so that we can capitalize on the better rates of return that may be out there. We also want to continue to invest in our infrastructure when possible to avoid the increases in costs of construction and components from year to year.

### **Future budgets should consider a number of important issues including:**

1. Continue monitoring funding of our Capital Fund accounts (investment reserves) to ensure the obligations for future upgrades of our infrastructure, buildings, replacement of equipment and maintaining properties are met, and establish reasonable goals to enable those upgrades, replacement and maintenance items as they occur.
2. Vehicle replacement - 2008 Ford Utility Truck.
3. Fire Truck replacement.
4. Water plant filter and clarifier expansion to meet future water demands, (initial planning and engineering have begun on these items).
5. Replace aging water/sewer infrastructure on King Ave and Center Street.

## **FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens and taxpayers with a general overview of the Borough's finances and to show the Council's accountability for the money it receives.

If you have questions about this report or wish to request additional financial information, please contact the Borough Manager at 570-743-7565.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
December 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	<u>TOTAL</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 868,947	\$ 1,160,303	\$ 2,029,250
Certificates of Deposit	499,876	885,710	1,385,586
Other Current Assets	9,431	-	9,431
<b>Total Current Assets</b>	<u>1,378,254</u>	<u>2,046,013</u>	<u>3,424,267</u>
<b>Non-Current Assets</b>			
Land	115,950	-	115,950
Other Capital assets, net	1,610,303	2,422,638	4,032,941
<b>Total Non-Current Assets</b>	<u>1,726,253</u>	<u>2,422,638</u>	<u>4,148,891</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,104,507</u></u>	<u><u>\$ 4,468,651</u></u>	<u><u>\$ 7,573,158</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current Portion of Long-Term Debt	\$ -	\$ 87,550	\$ 87,550
<b>Total Current Liabilities</b>	<u>-</u>	<u>87,550</u>	<u>87,550</u>
<b>Non-Current Liabilities</b>			
Notes Payable	-	460,705	460,705
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>460,705</u>	<u>460,705</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>548,255</u>	<u>548,255</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,726,253	1,874,383	3,600,636
Restricted	2,438	-	2,438
Unrestricted	1,375,816	2,046,013	3,421,829
<b>TOTAL NET POSITION</b>	<u>3,104,507</u>	<u>3,920,396</u>	<u>7,024,903</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 3,104,507</u></u>	<u><u>\$ 4,468,651</u></u>	<u><u>\$ 7,573,158</u></u>

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS  
 For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General Government	\$ 187,053	\$ 750	\$ 57,186	\$ -	\$ (129,117)	\$ -	\$ (129,117)
Public Safety	283,055	33,136	13,772	-	(236,147)	-	(236,147)
Public Works- Sanitation	3,418	-	-	-	(3,418)	-	(3,418)
Public Works- Highways and Streets	197,534	-	55,794	-	(141,740)	-	(141,740)
Culture and Recreation	22,945	1,275	19,500	-	(2,170)	-	(2,170)
Miscellaneous Expenditures	115,530	-	-	-	(115,530)	-	(115,530)
<b>Total Governmental Activities</b>	<b>809,535</b>	<b>35,161</b>	<b>146,252</b>	<b>-</b>	<b>(628,122)</b>	<b>-</b>	<b>(628,122)</b>
<b>Business-type activities:</b>							
Water	332,476	397,492	-	-	-	65,016	65,016
Sewer	381,550	625,740	-	-	-	244,190	244,190
<b>Total Business-Type Activities</b>	<b>714,026</b>	<b>1,023,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309,206</b>	<b>309,206</b>
<b>Total Primary Government</b>	<b>\$ 1,523,561</b>	<b>\$ 1,058,393</b>	<b>\$ 146,252</b>	<b>\$ -</b>	<b>(628,122)</b>	<b>309,206</b>	<b>(318,916)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, levied for general purposes, net					313,344	-	313,344
Other taxes levied for general purposes					434,893	-	434,893
Investment Earnings/ Rents					39,257	23,924	63,181
Miscellaneous Income					6,991	17,836	24,827
Gain on asset disposals					21,108	-	21,108
<b>Total General Revenues</b>	<b></b>	<b>815,593</b>	<b></b>	<b>41,760</b>	<b></b>	<b>857,353</b>	<b></b>
Change in Net Position		187,471			350,966		538,437
<b>Net Position - January 1, 2016</b>							
<b>Net Position - December 31, 2016</b>							
		<b>2,917,036</b>			<b>3,569,430</b>		<b>6,486,466</b>
		<b>\$ 3,104,507</b>			<b>\$ 3,920,396</b>		<b>\$ 7,024,903</b>

See accompanying notes to financial statements which are  
 an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 December 31, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 866,509	\$ 2,438	\$ 868,947
Certificates of Deposit	499,876	-	499,876
Other Assets	<u>9,431</u>	<u>-</u>	<u>9,431</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,375,816</u></b>	<b><u>\$ 2,438</u></b>	<b><u>\$ 1,378,254</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
LIABILITIES			
Payroll Withholdings	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES			
Unassigned	1,375,816	-	1,375,816
Restricted	<u>-</u>	<u>2,438</u>	<u>2,438</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,375,816</u></b>	<b><u>2,438</u></b>	<b><u>1,378,254</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,375,816</u></b>	<b><u>\$ 2,438</u></b>	<b><u>\$ 1,378,254</u></b>

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES- MODIFIED CASH BASIS TO THE  
STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
December 31, 2016

**Total Fund Balances - Governmental Funds** \$ 1,378,254

Capital assets used in governmental activities are no financial resources  
and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	2,928,279
Less: accumulated depreciation	<u>(1,202,026)</u>

**Total Net Position- Governmental Activities** \$ 3,104,507

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES- MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes:			
- Real Estate	\$ 246,431	\$ 66,913	\$ 313,344
- Real Estate Transfer	18,064	-	18,064
- Earned Income	238,946	-	238,946
- Business Gross Receipts Tax	114,217	-	114,217
- LST	58,300	-	58,300
- Per Capita	5,366	-	5,366
Licenses and Permits	15,146	-	15,146
Fines and Forfeits	31,934	-	31,934
Interest and Rents	38,624	633	39,257
Intergovernmental Revenues	57,941	53,665	111,606
Charges for Service	3,227	-	3,227
Contributions	19,500	-	19,500
Miscellaneous Revenues	1,396	-	1,396
Refund of Prior Year Expenditures	5,595	-	5,595
<b>Total Revenues</b>	<b>854,687</b>	<b>121,211</b>	<b>975,898</b>
<b>EXPENDITURES</b>			
General Government:			
- Administrative	118,975	-	118,975
- Tax Collection	17,388	-	17,388
- Legal	5,777	-	5,777
- Building	148,053	-	148,053
Public Safety:			
- Police	270,268	-	270,268
- Fire	24,632	3,479	28,111
Public Works:			
- Highways and Streets	186,423	53,660	240,083
- Trash Removal	3,418	-	3,418
Culture and Recreation	20,550	-	20,550
Miscellaneous Expenditures:			
- Payroll Benefits	2,024	-	2,024
- Pension Contribution	47,087	-	47,087
- Payroll Taxes	25,861	-	25,861
- Insurance	37,588	-	37,588
- Refund of Prior Year Revenues	409		
- Miscellaneous	2,561	30	2,591
<b>Total Expenditures</b>	<b>911,014</b>	<b>57,169</b>	<b>968,183</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>(56,327)</b>	<b>64,042</b>	<b>7,715</b>
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers	61,782	(61,782)	-
Proceeds from capital asset disposal	31,788	-	31,788
<b>Net Change in Fund Balances</b>	<b>37,243</b>	<b>2,260</b>	<b>39,503</b>
<b>Fund Balance - January 1, 2016</b>	<b>1,338,573</b>	<b>178</b>	<b>1,338,751</b>
<b>Fund Balance - December 31, 2016</b>	<b>\$ 1,375,816</b>	<b>\$ 2,438</b>	<b>\$ 1,378,254</b>

See accompanying notes to financial statements which are  
 an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES- MODIFIED CASH BASIS  
TO THE STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS

For the Year Ended December 31, 2016

Net Change in Fund Balances- Total Governmental Funds	\$ 39,503
Governmental funds recognize capital outlays as expenditures versus capital assets in the Statement of Net Position	248,745
Governmental funds recognize proceeds from capital asset disposals versus the gain on disposal in the Statement of Net Position	(10,680)
Depreciation is recognized in the Statement of Activities but is not recognized in governmental funds.	<u>(90,097)</u>
Change in Net Position- Governmental Activities	<u>\$ 187,471</u>

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
 PROPRIETARY FUND  
 December 31, 2016

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 1,160,303
Certificates of Deposit	885,710
<b>Total Current Assets</b>	<b>2,046,013</b>

**Non-Current Assets**

Capital assets, net	2,422,638
<b>Total Noncurrent Assets</b>	<b>2,422,638</b>

<b>TOTAL ASSETS</b>	<b>\$ 4,468,651</b>
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**LIABILITIES**

**Current Liabilities**

Note Payable- Current	\$ 87,550
<b>Total Current Liabilities</b>	<b>87,550</b>

**Noncurrent Liabilities**

Note Payable- Noncurrent	460,705
<b>Total Noncurrent Liabilities</b>	<b>460,705</b>

**TOTAL LIABILITIES**

548,255

**NET POSITION**

Net investment in capital assets	1,874,383
Unrestricted	2,046,013

**TOTAL NET POSITION**

3,920,396

**TOTAL LIABILITIES AND NET POSITION**

**\$ 4,468,651**

See accompanying notes to financial statements which are  
 an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET POSITION- MODIFIED CASH BASIS  
 PROPRIETARY FUND  
 For the Year Ended December 31, 2016

**OPERATING REVENUES**

Water & Sewer Revenue	\$ 1,022,252
Miscellaneous Income	1,663
<b>Total Operating Revenues</b>	<b><u>1,023,915</u></b>

**OPERATING EXPENSES**

Administration	61,853
Other General Government Administration	38,084
General Government Buildings & Plant	433
Sewage Collection and Treatment	288,711
Water System	180,998
Insurance	19,795
Miscellaneous	2,677
Depreciation	107,867
<b>Total Operating Expenses</b>	<b><u>700,418</u></b>

OPERATING INCOME 323,497

**NONOPERATING REVENUES (EXPENSES)**

Earnings on Investments	23,924
Tapping Fees	980
Refund of Prior Year Expenses	16,173
Interest Expense	(13,608)
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>27,469</u></b>

CHANGE IN NET POSITION 350,966

NET POSITION - JANUARY 1, 2016 3,569,430

NET POSITION - DECEMBER 31, 2016 \$ 3,920,396

See accompanying notes to financial statements which are  
an integral part of this statement.

**BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA**  
**STATEMENT OF CASH FLOWS- MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2016**

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,022,252
Cash received as other receipts	1,663
Cash payments to employees for services	(134,309)
Cash payments to suppliers for goods and services	(452,953)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>436,653</b>

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Tapping Fees	980
Refund of Prior Year Expenses	16,173
Capital Asset Purchase	(35,770)
Loan Principal Payments	(85,535)
Interest Expense	(13,608)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(117,760)</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Deposits 23,924  
**NET CASH PROVIDED BY INVESTING ACTIVITIES** 23,924

NET INCREASE IN CASH, CASH EQUIV. AND CERTIFICATES OF DEPOSIT 342,817

CASH, CASH EQUIV. AND CERTIFICATES OF DEPOSIT - JANUARY 1, 2016 1,703,196

CASH, CASH EQUIV. AND CERTIFICATES OF DEPOSITS - DECEMBER 31, 2016 \$ 2,046,013

## RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 323,497
Depreciation	107,867
Decrease in Other Current Assets	<u>5,289</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 436,653</u>

See accompanying notes to financial statements which are an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
 FIDUCIARY FUNDS  
 December 31, 2016

	TRUST FUND	AGENCY FUND	TOTALS FIDUCIARY FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 122	\$ 5,925	\$ 6,047
<b>TOTAL ASSETS</b>	<b>\$ 122</b>	<b>\$ 5,925</b>	<b>\$ 6,047</b>
<b>LIABILITIES</b>			
Other Current Liabilities	\$ -	\$ 2,356	\$ 2,356
Payroll Liabilities	-	1,905	1,905
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>4,261</b>	<b>4,261</b>
<b>NET POSITION</b>			
Restricted	122	1,664	1,786
<b>TOTAL NET POSITION</b>	<b>122</b>	<b>1,664</b>	<b>1,786</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 122</b>	<b>\$ 5,925</b>	<b>\$ 6,047</b>

See accompanying notes to financial statements which are  
 an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION- MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2016

	TRUST FUND
<b>ADDITIONS</b>	
Earnings on Investments	<u>\$</u> 1
<b>Total Additions</b>	<u>1</u>
 <b>DEDUCTIONS</b>	 <u>-</u>
 <b>CHANGE IN NET POISTION</b>	 <u>1</u>
 NET POSITION - JANUARY 1, 2016	<u>121</u>
 NET POSITION - DECEMBER 31, 2016	<u>\$ 122</u>

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

The Borough of Shamokin Dam is a municipality located in Snyder County in Central Pennsylvania. The Borough of Shamokin Dam was incorporated on August 12, 1927 and operates a General Fund, Water and Sewer Fund, and several other related funds.

The Borough of Shamokin Dam is a local taxing body that supports a Police Department, oversees the community Fire Company, and maintains their local roads, bridges and parks. The Borough also operates a water distribution system fed by a water filtration plant as well as a sewer collection system. Sewage is treated by the Eastern Snyder County Regional Authority under a contract agreement.

**Basis of Accounting**

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 provides a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Borough at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Borough's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. 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.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements**

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

Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a single column on the governmental fund financial statements. Nonmajor funds by category are summarized into a single column. Fiduciary funds are reported by type.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Borough are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following represents the Borough's major governmental fund:

**General Fund** – The General Fund constitutes the primary operating fund of the Borough in that it includes all revenues and expenditures not required by law to be accounted for in other funds. The General Fund is always reported as a major fund.

The Borough's nonmajor governmental fund is a Special Revenue Fund. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The Borough has one Special Revenue Fund: State Liquid Fuels Highway Aid Fund. This fund is used to account for Pennsylvania allocated funding from the State Motor License Fund. These funds must be kept separate from all other funds and no other monies shall be commingled with it. Proceeds accounted for in this fund are restricted to expenditure for highway construction and rebuilding purposes in accordance with Department of Transportation regulations.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Proprietary Fund*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the Borough's proprietary fund:

**Enterprise Fund** – The Enterprise Fund may be used to account for any activity for which a fee is charged to external users for goods and services

The Water and Sewer Fund is reported as an Enterprise Fund used to account for all revenues and expenditures pertaining to water and sewer operations. The Water and Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing services to customers on a continuing basis are financed or recovered primarily through user charges. The Water and Sewer Fund is reported as a major fund.

*Fiduciary Funds*

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support borough programs. The reporting focus is on net position and changes in net position.

The fiduciary fund category is split into two classifications: trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are not available to support Borough's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

**Trust Fund** – The Pension Fund is a Trust Fund used to account for funds received under the program Municipal Pension Aid in a fiduciary capacity.

**Agency Fund** – The Payroll fund is an Agency Fund used to account for the disbursement of payroll related expenditures. Agency Funds are custodial in nature and do not involve measurement of results of operations.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

*Measurement Focus*

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applies to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

*Basis of Accounting*

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in government-wide statements and proprietary fund statements. This basis is a special purpose reporting framework.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America in that certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred with modifications having substantial support. These modifications include the recording of all material assets, liabilities, revenues, and expenses/expenditures resulting from cash transactions.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash and Cash Equivalents include amounts in demand and interest-bearing bank deposits and money market funds. These are carried at fair value.

**Investments**

In accordance with Government Accounting Standards Board (GASB) Statement No. 31, short-term money market investments and interest-bearing investment contracts are reported at amortized cost, provided that the remaining maturity is one year or less at the time of purchase. Long-term investments (maturity of more than one year) are reportable at fair value.

**Capital Assets**

The Borough's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

***Government-Wide Statements***

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical costs, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to January 1, 2003. Prior to January 1, 2003, governmental funds infrastructure assets were not capitalized. Infrastructure assets required since January 1, 2003 are recorded at cost.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	20-50 years
Vehicle and Equipment	5-20 years
Utility property	10-50 years
Infrastructure	25-50 years

***Fund Financial Statements***

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

All long-term debt arising from cash transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and repayment of principles and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

**Net Position**

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by trust indenture or external restrictions by creditors, grantors, laws or regulations of other governments.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Equity Classification**

In the governmental environment, management often commits or assigns resources to be used for specific purposes, indicating that those amounts are not considered to be available for general operations. Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund statements, amounts reported as *restricted fund balances* in government funds may be different from amounts reported as *restricted net position* in the statement of net position.

The government-wide and proprietary fund net positions are classified as follows:

**Net investment in capital assets** – consist of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – net position is considered restricted if use is constrained externally to a particular purpose.

**Unrestricted net position** – consists of all other net position that does not meet the definition of the above two components and are available for general use by the borough.

In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable**- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - Amounts that can be spent only for specific purposes by external parties, or by law through constitutional provisions or enabling legislation.

**Committed** - Amounts that can only be used for specific purposes determined by a formal action by the Borough's highest level of decision-making authority, the Borough Council. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements. A fund balance commitment may be established, modified, or rescinded by a resolution of the Borough Council.

**Assigned** – Amounts that are constrained by the Borough's intent to be used for specific purposes, but is not restricted or committed.

**Unassigned** – All amounts not included in other spendable classifications.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Equity Classification** (Continued)

The Borough would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities, arise, but reserves the right to selectively spend unassigned.

**Budgetary Controls**

The Borough operates under an annual budget, which may be amended by the Council as needed. The budget is prepared using the modified cash basis of accounting for the general fund and the proprietary fund.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Joint Venture**

The Borough appoints two board members to the Eastern Snyder County Regional Authority. The Authority was organized and incorporated in 1994 by Shamokin Dam Borough and three other local governmental entities to operate the regional sewage treatment plant. The Authority, the other local governmental entities and the Borough have verbally agreed to continue using the cost sharing plan that was in effect when the regional sewage system was operated by the Selinsgrove Municipal Authority (Sewer Division). The costs to each participating entity are based on estimated usage and are adjusted annually to reflect actual use. The Authority's audited financial statements as of and for the period ended December 31, 2016 are available for public inspection at the Authority office.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT**

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

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 2 – CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT (Continued)**

At December 31, 2016, the carrying amount of the Borough's cash, cash equivalents and certificates of deposit was \$3,420,883. The depository balances throughout the year were covered by federal depository insurance or by collateral held by the Borough's agent. These amounts are secured by the pledging of pooled assets as collateral in accordance with the Act of August 6, 1971 (P.L. 281, No. 72), relating to pledges of assets to secure deposits of pledge funds.

**CASH AND CASH EQUIVALENTS:**

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough has an investment policy that addresses credit risk in general terms. As of December 31, 2016, \$945,303 of the Borough's bank balance of \$1,409,429 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ 0
Uninsured and collateral held by the pledging bank's trust department, not in the Borough's name	<u>945,303</u>
Total	<u>\$ 945,303</u>

**Reconciliation to Financial Statements**

Collateralized Amount Above	\$ 945,303
Plus: Insured Amount	464,126
Plus: Deposits in Investment Pools and Money Market Fund Considered Cash Equivalents	630,710
Less: Outstanding Checks	<u>(4,842)</u>
Total Cash and Cash Equivalents	
Per Financial Statements	<u>\$ 2,035,297</u>

**CERTIFICATES OF DEPOSIT AND PA LOCAL GOVERNMENT INVESTMENT TRUST ACCOUNTS:**

As of December 31, 2016, the Borough had the following certificates of deposit and PA Local Government Investment Trust balance:

Investments	Rates	Maturities	Fair Value
Certificates of Deposits	0.50% - 2.20%	0-60 Months	\$ 1,385,586
PA Local Government Investment Trust			<u>630,710</u>
Total			<u>\$ 2,016,296</u>

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 2 – CASH, CASH EQUIVALENTS, AND CERTIFICATES OF DEPOSIT (Continued)**

***Custodial Credit Risk –PA Local Government Investment Trust Accounts***

For the PA Local Government Investment Trust Accounts, 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 an outside party.

***Reconciliations to Financial Statements***

Total Certificates of Deposit & PLGIT Accounts	\$ 2,016,296
Less: Deposits in Investment Pools and Money Market Funds	
Considered Cash Equivalents (PLGIT Accounts)	(630,710)
Total Certificates of Deposit Per Financial Statements	<u>\$ 1,385,586</u>

***Interest Rate Risk***

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***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 no limit on the amount the Borough may invest in any one issuer. More than 5 percent of the Borough's investments are in Certificates of Deposit and PA Local Government Investment Trust. These investments are 68.72% and 31.28%, respectively, of the Borough's total investments.

For the General Fund, more than 5% of the investments are in Certificates of Deposit and PA Local Government Investment Trust. These investments are 62.53% and 37.47%, respectively, of the General Fund's total investments.

For the Proprietary Fund, more than 5% of the investments are in Certificates of Deposit and PA Local Government Investment Trust. These investments are 93.31% and 6.69%, respectively, of the Proprietary Fund's total investments.

**BOROUGH OF SHAMOKIN DAM**  
**SHAMOKIN DAM, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2016

**NOTE 3- CAPITAL ASSETS**

Capital assets are recorded as expenditures in the governmental funds at the time of purchase. A summary of Capital Assets transactions resulting from modified cash basis transactions, for the year ended December 31, 2016 is as follows:

**GOVERNMENTAL ACTIVITIES**

	Balance <u>January 1, 2016</u>	Additions	Deletions	Balance <u>December 31, 2016</u>
Land	\$85,950	\$30,000	\$-	\$115,950
Building & Improvements	826,500	82,430	-	908,930
Streets/ Stormwater infrastructure	1,287,060	94,400	-	1,381,460
Vehicles & Equipment	486,369	41,915	(126,345)	401,939
Traffic Signals	<u>120,000</u>	<u>—</u>	<u>—</u>	<u>120,000</u>
Total Cost	2,805,879	248,745	(126,345)	2,928,279
Less: Accumulated Depreciation				
Building & Improvements	(530,570)	(23,870)	-	(554,440)
Streets/ Stormwater infrastructure	(253,753)	(36,555)	-	(290,308)
Vehicles & Equipment	(323,271)	(29,672)	115,665	(237,278)
Traffic Signals	<u>(120,000)</u>	<u>—</u>	<u>—</u>	<u>(120,000)</u>
Total Accum. Depreciation	<u>(1,227,594)</u>	<u>(90,097)</u>	<u>115,665</u>	<u>(1,202,026)</u>
Governmental Activities				
Capital Assets, Net	<u>\$1,578,285</u>	<u>\$158,648</u>	<u>\$(10,680)</u>	<u>\$1,726,253</u>

**BUSINESS-TYPE ACTIVITIES**

	Balance <u>January 1, 2016</u>	Additions	Deletions	Balance <u>December 31, 2016</u>
Water / Sewer Infrastructure	\$5,018,200	\$35,770	\$ -	\$5,053,970
Less: Accumulated Depreciation	<u>(2,523,465)</u>	<u>(107,867)</u>	<u>—</u>	<u>(2,631,332)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$2,494,735</u>	<u>\$(72,097)</u>	<u>\$ —</u>	<u>\$2,422,638</u>

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 3- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows in the statement of activities:

Governmental Activities:

General Government	\$ 9,290
Public Safety	26,591
Public Works-Highway and Streets	51,821
Culture and Recreation	2,395
Total Depreciation Expense – Governmental Activities	<u>\$ 90,097</u>

Business-Type Activities:

Water	\$ 90,057
Sewer	17,810
Total Depreciation Expense – Business-Type Activities	<u>\$107,867</u>

**NOTE 4- OTHER ASSETS**

The General Fund reports a separate investment of stock as other assets. The Borough had previously received shares of stock through an insurance policy held by the Borough. The value of this stock at December 31, 2016 was \$9,431.

**NOTE 5 - PROPERTY TAXES**

The Borough's property tax is levied each March 1, based upon assessed valuations provided by the county (approximately \$23,583,610 for 2016). The municipal tax collector bills and collects property taxes on behalf of the Borough. The general millage tax rate in 2016 is 10.0 mils (\$10.00 per \$1,000 assessed valuation) and a separate fire protection tax of 3.0 mils was added in 2016. The schedule for property taxes levied for 2016 is as follows:

March 1, 2016 through April 30, 2016	2% discount period
May 1, 2016 through June 30, 2016	face payment period
Beginning July 1, 2016	10% penalty period

**NOTE 6- LOAN RECEIVABLE – FIRE COMPANY**

During the year ended December 31, 2009, the Borough loaned \$20,000 to the Fire Company at 5.246% for a seven (7) year term. The balance outstanding at December 31, 2015 was paid in full during 2016.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 7- GENERAL OBLIGATION NOTE PAYABLE**

On October 5, 2012, the Borough issued General Obligation Note – Series 2012 in the principal amount of \$925,000. The proceeds of this Note are to be used to refinance and retire existing Borough debt. The note carries a rate of interest of 2.25% per annum on the unpaid balance of principal, payable in equal monthly original installments of \$8,628.91. Loan payments of principal and interest are to begin in October, 2012 and continuing monthly thereafter for 10 years until the remaining balance of principal and accrued interest will be immediately due and payable.

In lieu of the first installment payment for October, 2012, the Borough made a principal prepayment of \$39,340.41. In light of this prepayment, the issuing bank reduced the amount of monthly principal and interest payments to \$8,261.91 beginning with the December 1, 2012 payment, and on the first day of each month thereafter for the full ten-year term of the loan.

The principal balance due on this note at December 31, 2016 was \$548,255.

Debt service to maturity is as follows:

Year Ending				
<u>Dec 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2017	\$ 87,550	11,594	99,144	
2018	89,568	9,576	99,144	
2019	91,633	7,511	99,144	
2020	93,728	5,415	99,143	
2021	95,906	3,238	99,144	
2022	<u>89,870</u>	<u>1,150</u>	<u>91,017</u>	
Total	<u>\$ 548,255</u>	<u>38,484</u>	<u>586,736</u>	

The following is a summary of changes in Long-Term Debt for the year ended December 31, 2016:

<u>Description</u>	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance December 31, 2016</u>
Note Payable	\$ 633,790	- 0 -	(85,535)	\$ 548,255
Total	<u>\$ 633,790</u>	<u>-0-</u>	<u>(85,535)</u>	<u>\$ 548,255</u>

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN**

**Non-Uniform Municipal Pension Plan**

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/deduction from PMRS's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

The Shamokin Dam Borough Non-Uniform Municipal pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 2015-2 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRs), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The assets of the participating government employers in an agent multiple-employer plan are pooled for investment purposes but separate accounts are maintained for each individual employer. PMRS issued a separate Comprehensive Annual Financial Report, which is available on the PMRS website [www.pmrs.state.pa.us](http://www.pmrs.state.pa.us).

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Membership is mandatory for all full-time employees of the Authority. A member shall vest upon the completion of twelve (12) years of credited service. A vested member shall be entitled to a superannuation retirement benefit upon attainment of fifty-five (55) years of age. A member who voluntarily terminates service after twenty (20) years of credited service may apply for an early retirement benefit. A member whose service is involuntarily terminated after eight (\*) years of credited service may apply for an early retirement benefit. The early retirement benefit will be actuarially reduced for each year or partial year thereof prior to fifty-five (55) years of age that early retirement takes place.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN (Continued)**

**Non-Uniform Municipal Pension Plan**

Benefits Provided(Continued)

The annual Basic Benefit shall be comprised of the sum of the following annuities:

- a) An annuity calculated by multiplying the member's final salary by all years of credited service and multiplied by the benefit accrual rate of two percent (2%).
- b) An annuity equal to a single life annuity starting on the effective date of retirement with a present value equal to the optional member contributions and regular interest on the optional member contributions.

Disability retirement benefits are available to members and shall equal an annual benefit of fifty percent (50%) of final salary, plus the benefit provided in b) above if the disability is determined to be a service connected disability. When the disability of a member is determined to be non-service connected, the member is eligible to apply for disability retirement if the member has completed ten (10) years of credited service. A non-service connected disability shall equal an annual benefit of thirty percent (30%) of final salary, plus the benefit provided in b) above. If an active member or vested member dies before becoming eligible for any retirement benefits, the balance of the member's account shall be paid to the beneficiary. For an active member or vested member who has met the eligibility requirement for a superannuation retirement benefit or a voluntary early retirement benefit, benefits shall become effective at the time of death.

Plan Membership

Membership of the plan consisted of the following at the most recent actuarial valuation date of December 31, 2015:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>6</u>
Total Participant Count	<u>10</u>

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Non-Uniform Municipal Pension Plan**

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. Any funding requirements established by the MMO in excess of employee contributions must be paid by the municipality in accordance with Act 205.

In accordance with the plan's governing ordinance, members shall contribute 4.5% of the compensation to fund the annuity. Members may optionally contribute up to, but no more than 15.5% of their compensation on an after-tax basis to fund the annuity. Borough Council has the option to waive all or part of the member contributions.

Net Pension Liability

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.0 percent per year, subject to plan limitations
Investment rate of return	5.50 percent compounded annually, net of expenses

Mortality rates were based on the RP-2000 Healthy Life Mortality for Males or Females, as appropriate. Pre-Retirement Mortality for Males: RP 2000 with 1 year set back and Females: RP 2000 with 5 year set back. Rates of Post-Retirement Mortality for Males and Females: RP 2000 Sex-Distinct Mortality Table.

The actuarial assumptions are based on the PMRS Experience Study for the period covering January 1, 2005 through December 31, 2008 issued by the actuary in July 2010 as well as subsequent Board approved assumption changes, such as the decrease in the regular interest to 5.50% for the January 1, 2013 actuarial valuation.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Non-Uniform Municipal Pension Plan**

**Changes in Net Pension Liability- Non-Uniformed Pension**  
**Increase (Decrease)**

The following table shows the changes in the Non-Uniformed Total Pension Liability, the Plan Fiduciary Net Position, and the Net Pension Liability as of the measurement date of December 31, 2015:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) – (b)
<b>Balances at 12/31/2014</b>	\$ 2,117,385	\$ 2,002,713	\$ 114,672
<b>Adjustments</b>	<b>(9,389)</b>	-	<b>(9,389)</b>
<b>Changes for the year:</b>			
Service Cost	36,052	-	36,052
Interest	114,784	-	114,784
Changes in Benefit Terms	-	-	-
Changes of Assumptions	17,127	-	17,127
Contributions – Employer	-	30,795	(30,795)
Contributions- PMRS assessment	-	240	(240)
Contributions – Member	-	9,054	(9,054)
PMRS Investment Income	-	104,469	(104,469)
Market Value Investment Income *	-	(104,992)	104,992
Benefit Payments	(114,046)	(114,046)	-
PMRS Administrative Expense	-	(240)	240
Additional Administrative Expense	-	(4,355)	4,355
<b>Net Changes</b>	<b>44,528</b>	<b>(79,075)</b>	<b>123,603</b>
<b>Balances at 12/31/2015</b>	<b>\$ 2,161,913</b>	<b>\$ 1,923,638</b>	<b>\$ 238,275</b>

\*Reflects the net investment income/(loss) of (\$109,318) and the income/(loss) due to the difference between expected and actual asset values of \$4,326, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

This report does not reflect changes in benefits or assumptions after January 1, 2016. Even though the beginning and ending of year TPL are based upon the same actuarial valuation dates, there is a difference between expected and actual experience reported this year due to revised census data. The beginning of year TPL is based upon the January 1, 2015 actuarial valuation, with liabilities measured at December 31, 2014. The end of year TPL is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2015 and reflecting the impact of the assumption changes.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Non-Uniform Municipal Pension Plan**

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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and then adding expected inflation.

The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities- Large Cap	25%	6.9%
Domestic Equities- Small Cap	15%	6.8%
International Equities- international developed markets	15%	4.0%
International Equities- emerging markets	10%	7.6%
Real Estate	20%	7.1%
Fixed Income	<u>15%</u>	2.4%
Total Portfolio	<u>100%</u>	

Discount Rate

According to Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer "plan fiduciary net position." PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The "Additional administrative expenses" are the expenses in excess of the "PMRS administrative expense" (i.e. \$20 per participant expense paid by each plan). The "PMRS investment income" is based upon the regular and excess interest used to credit accounts annually. The "Market value investment income" reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for disclosure.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Non-Uniform Municipal Pension Plan**

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

	<u>1% Decrease 4.50%</u>	<u>Discount Rate 5.50%</u>	<u>1% Increase 6.50%</u>
Total Pension Liability (Asset)	\$2,396,724	\$2,161,913	\$1,962,693
Plan Fiduciary Net Position	<u>1,923,638</u>	<u>1,923,638</u>	<u>1,923,638</u>
Net Pension Liability (Asset)	<u>\$ 473,086</u>	<u>\$ 238,275</u>	<u>\$ 39,055</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.3%	89.0%	98.0%

**Deferred Inflows and Outflows**

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the TPL are recognized in the collective pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below.

There were no experience gains or losses between the beginning of year and end of year liabilities because the liabilities were rolled forward from the prior year actuarial valuation date. Also, assumption changes as of the Measurement Date have been reflected.

**Schedule of Collective Deferred Inflows and Outflows**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,493	\$ 8,048
Changes in assumptions	14,680	-0-
Net difference between projected and actual investment earnings	<u>85,444</u>	<u>-0-</u>
	<u>\$ 109,617</u>	<u>\$ 8,048</u>

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Non-Uniform Municipal Pension Plan**

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

**Year ended December 31:**

2016	\$ 24,486
2017	24,486
2018	24,484
2019	24,004
2020	3,007
Thereafter	1,102

The recognition period for experience and assumptions change gains/losses is 7.00 years.

**Police Pension Plan**

**Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Municipal Retirement System (PMRS) and additions to/deduction from PMRS's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description**

The Shamokin Dam Borough Police pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 2015-3 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The assets of the participating government employers in an agent multiple-employer plan are pooled for investment purposes but separate accounts are maintained for each individual employer. PMRS issues a separate Comprehensive Annual Financial Report, which is available on the PMRS website [www.pmrs.state.pa.us](http://www.pmrs.state.pa.us).

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan**

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Membership is mandatory for all full-time employees of the Authority. A member shall vest upon the completion of twelve (12) years of credited service. A vested member shall be entitled to a superannuation retirement benefit upon attainment of fifty-five (55) years of age.

A member who voluntarily terminates service after twenty (20) years of credited service but less than twenty-four (24) years of credited service may apply for an early retirement benefit. The early retirement benefit will be actuarially reduced for each year or partial year thereof that early retirement takes place prior to the date on which the member would have earned twenty-five (25) years of credited service (presuming continuous employment) and would have attained fifty-five (55) years of age. A member who voluntarily terminates service after twenty-four (24) years of credited service may apply for an early retirement benefit. The early retirement benefit will be actuarially reduced for each year or partial year thereof prior to fifty-five (55) years of age that early retirement takes place. A member whose service is involuntarily terminated after eight (8) years of credited service may apply for an early retirement benefit. The early retirement benefit will be actuarially reduced for each year or partial year thereof prior to fifty-five (55) years of age that early retirement takes place.

The annual Basic Benefit shall be calculated by multiplying the member's final salary by all years of credited service and multiplied by the benefit accrual rate of two percent (2%). In no event shall the annual Basic Benefit exceed fifty percent (50%) of the member's final salary. An annual excess interest benefit shall be equal to a single life annuity starting on the effective date of retirement with a present value equal to the member's excess investment account.

In addition to the Basic Benefit, an annuitant who has twenty-six (26) or more years of credited service shall receive a yearly service increment to be determined by computing the number of whole years of credited service beyond twenty-five (25) years and multiplying by an amount equal to 2.5% of the Basic Benefit. This increment shall not exceed one hundred dollars (\$100) per month. Annuitants shall be entitled to a cost-of-living adjustment to the Basic Benefit subject to limitations.

Disability retirement benefits are available to members and shall equal an annual benefit of fifty percent (50%) of final salary with no minimum period of credited service required if the disability is determined to be a service connected disability. When the disability of a member is determined to be non-service connected, the member is eligible to apply for disability retirement if the member has completed ten (10) years of credited service. A non-service connected disability shall equal an annual benefit of thirty percent (30%) of final salary.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan (Continued)**

If an active member or vested member dies before becoming eligible for any retirement benefits, the balance of the member's account shall be paid to the beneficiary. For an active member or vested member who has met the eligibility requirement for a superannuation retirement benefit or a voluntary early retirement benefit, benefits shall become effective at the time of death.

Plan Membership

Membership of the plan consisted of the following at the most recent actuarial valuation date of December 31, 2015:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>2</u>
Total Participant Count	<u>5</u>

Contributions

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. Any funding requirements established by the MMO in excess of employee contributions must be paid by the municipality in accordance with Act 205.

In accordance with the plan's governing ordinance, members shall contribute five percent (5%) of their compensation. Borough Council has the option to waive all or part of the member contributions.

Net Pension Liability

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.0 percent per year, subject to plan limitations
Investment rate of return	5.50 percent compounded annually, net of expenses

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SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan (Continued)**

Mortality rates were based on the RP-2000 Healthy Life Mortality for Males or Females, as appropriate. Pre-Retirement Mortality for Males: RP 2000 with 1 year set back and Females: RP2000 with 5 year set back. Rates of Post-Retirement Mortality for Males and Females: RP-2000 Sex-Distinct Mortality Table.

The actuarial assumptions are based on the PMRS Experience Study for the period covering January 1, 2005 through December 31, 2008 issued by the actuary in July 2010 as well as subsequent Board approved assumption changes, such as the decrease in the regular interest to 5.50% for the January 1, 2013 actuarial valuation.

**Changes in Net Pension Liability- Non-Uniformed Pension**  
**Increase (Decrease)**

The following table shows the changes in the Police Total Pension Liability, the Plan Fiduciary Net Position, and the Net Pension Liability as of the measurement date of December 31, 2015:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase/(Decrease) Net Pension Liability/ (Asset) (a) – (b)
<b>Balances at 12/31/2014</b>	\$ 1,166,862	\$ 1,191,152	\$ (24,290)
<b>Adjustments</b>	<b>(62,548)</b>	-	<b>(62,548)</b>
<b>Changes for the year:</b>			
Service Cost	27,465	-	27,465
Interest	61,109	-	61,109
Changes in Benefit Terms	-	-	-
Changes of Assumptions	(40,682)	-	(40,682)
Contributions – Employer	-	16,035	(16,035)
Contributions- PMRS assessment	-	40	(40)
Contributions – Member	-	-	-
PMRS Investment Income	-	65,469	(65,469)
Market Value Investment Income *	-	(76,064)	76,064
Benefit Payments	(41,990)	(41,990)	-
PMRS Administrative Expense	-	(140)	140
Additional Administrative Expense	-	(2,729)	2,729
<b>Net Change</b>	<b>(56,646)</b>	<b>(39,379)</b>	<b>(17,267)</b>
<b>Balances at 12/31/2015</b>	<b>\$ 1,110,216</b>	<b>\$ 1,151,773</b>	<b>\$ (41,557)</b>

\*Reflects the net investment income/(loss) of (\$68,507) and the income/(loss) due to the difference between expected and actual asset values of (\$7,557), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan (Continued)**

This report does not reflect changes in benefits or assumptions after January 1, 2016. Even though the beginning and end of year TPL are based upon the same actuarial valuation dates, there is a difference between expected and actual experience reported this year due to revised census data. The beginning of year TPL is based upon the January 1, 2015 actuarial valuation with liabilities measured at December 31, 2014. The end of year TPL is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2015 and reflecting the impact of the assumption changes.

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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and then adding expected inflation.

The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Long-Term Target Allocation	Expected Real Rate of Return
Domestic Equities- Large Cap	25%	6.9%
Domestic Equities- Small Cap	15%	6.8%
International Equities- international developed markets	15%	4.0%
International Equities- emerging markets	10%	7.6%
Real Estate	20%	7.1%
Fixed Income	<u>15%</u>	2.4%
Total Portfolio	<u>100%</u>	

**Discount Rate**

According to Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer "plan fiduciary net position." PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The "Additional administrative expenses" are the expenses in excess of the "PMRS administrative expense" (i.e. \$20 per participant expense paid by each plan). The "PMRS investment income" is based upon the regular and excess interest used to credit accounts annually. The "Market value investment income" reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan (Continued)**

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for disclosure.

**Sensitivity of Net Pension Liability to Changes Discount Rate**

	1% <u>Decrease</u> <u>4.50%</u>	Discount Rate <u>5.50%</u>	1% <u>Increase</u> <u>6.50%</u>
Total Pension Liability (Asset)	\$1,266,789	\$1,110,216	\$ 982,775
Plan Fiduciary Net Position	<u>1,151,773</u>	<u>1,151,773</u>	<u>1,151,773</u>
Net Pension Liability (Asset)	<u>\$ 115,016</u>	<u>\$ (41,557)</u>	<u>\$ (168,998)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.9%	103.7%	117.2%

**Deferred Inflows and Outflows**

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the TPL are recognized in the collective pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below.

There were no experience gains or losses between the beginning of year and end of year liabilities because the liabilities were rolled forward from the prior actuarial valuation date. Also, assumption changes as of the Measurement Date have been reflected.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 8- PENSION PLAN(Continued)**

**Police Pension Plan (Continued)**

**Schedule of Collective Deferred Inflows and Outflows**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 30,198	\$ 52,123
Changes in assumptions	-0-	33,902
Net difference between projected and actual investment earnings	<u>65,685</u>	<u>-0-</u>
	<u>\$ 95,883</u>	<u>\$ 86,025</u>

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

**Year ended December 31:**

2016	\$ 7,170
2017	7,170
2018	7,168
2019	5,555
2020	(17,205)
Thereafter	\$ 0

The recognition period for experience and assumptions change gains/losses is 6.00 years.

**NOTE 9- RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2016 and the two previous fiscal years, no settlements exceeded insurance coverage.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE 10- CONTINGENT LIABILITIES**

**Grant Programs**

The Borough participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for any expenditure which may be disallowed pursuant to the terms of the grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

**Tax Revenue**

The Borough is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the Borough. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the Borough.

**NOTE 11- SUBSEQUENT EVENTS**

The Borough has evaluated all events subsequent to the financial statement date of December 31, 2016 through July 17, 2017 which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recognition or disclosure.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS  
GENERAL FUND

For the Year Ended December 31, 2016

	General Fund		
	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Taxes:			
- Real Estate	\$ 332,835	\$ 246,431	\$ 86,404
- Per Capita	5,700	5,366	334
- Real Estate Transfer	15,000	18,064	(3,064)
- Earned Income	160,000	238,946	(78,946)
- Business Privilege	100,000	114,217	(14,217)
- LST	52,000	58,300	(6,300)
Landlord Permits	2,000	2,120	(120)
Other Permits	-	1,200	(1,200)
Cable TV Franchise Fees	12,300	11,826	474
Fines	22,000	31,934	(9,934)
Interest Earnings	11,000	21,372	(10,372)
Rents & Royalties	12,300	17,252	(4,952)
Intergovernmental Revenues	14,300	57,941	(43,641)
Charges for Services	2,500	3,227	(727)
Contributions	2,500	19,500	(17,000)
Miscellaneous Income	1,000	1,396	(396)
Refund of Prior Year Expenditures	-	5,595	(5,595)
<b>Total Revenues</b>	<b>745,435</b>	<b>854,687</b>	<b>(109,252)</b>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Executive	34,800	35,653	(853)
Financial Administration	17,600	20,072	(2,472)
Tax Collection	15,570	17,388	(1,818)
Legal Services	8,000	5,777	2,223
Secretary/ Clerk	31,520	31,311	209
Other General Gov't Admin/Personnel Admin.	32,655	32,080	575
Engineering	3,000	12,049	(9,049)
General Government Building	15,300	135,863	(120,563)
<b>Total General Government</b>	<b>158,445</b>	<b>290,193</b>	<b>(131,748)</b>
<b>Public Safety</b>			
Police	259,158	270,268	(11,110)
Fire Protection	88,532	24,632	63,900
<b>Total Public Safety</b>	<b>347,690</b>	<b>294,900</b>	<b>52,790</b>
<b>Public Works</b>			
Highway Maintenance	94,950	86,538	8,412
Winter Maintenance	6,500	3,981	2,519
Traffic Control Devices	6,020	4,791	1,229
Street Lighting	25,500	28,021	(2,521)
Storm Sewers and Drains	-	363	(363)
Repairs of Tools and Machinery	-	1,550	(1,550)
Road and Bridge Maintenance	4,000	11,004	(7,004)
Construction and Rebuilding	75,000	50,175	24,825
Trash Removal	4,000	3,418	582
<b>Total Public Works</b>	<b>215,970</b>	<b>189,841</b>	<b>26,129</b>
<b>Culture and Recreation</b>			
Parks	8,700	20,550	(11,850)
<b>Total Culture and Recreation</b>	<b>8,700</b>	<b>20,550</b>	<b>(11,850)</b>
<b>Miscellaneous Expenditures</b>			
Pension	-	47,087	(47,087)
Insurance	14,048	37,588	(23,540)
Other Miscellaneous Expense	2,800	30,446	(27,646)
Refund of Prior Year Revenues	-	409	(409)
<b>Total Miscellaneous Expenditures</b>	<b>16,848</b>	<b>115,530</b>	<b>(98,682)</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 747,653</b>	<b>\$ 911,014</b>	<b>\$ (163,361)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>		<b>(56,327)</b>	
<b>OTHER FINANCING SOURCES</b>			
Interfund Transfers		61,782	
Proceeds from fixed asset disposal		31,788	
<b>NET CHANGE IN FUND BALANCE</b>		<b>37,243</b>	
<b>FUND BALANCE, JANUARY 1, 2016</b>		<b>1,338,573</b>	
<b>FUND BALANCE, DECEMBER 31, 2016</b>		<b>\$ 1,375,816</b>	

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
OTHER INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
NON-UNIFORM MUNICIPAL PENSION FUND  
For The Year Ended December 31, 2016

Last 10 Measurement Years (if available)\*

	Measurement Year Ending 12/31/2015	Measurement Year Ending 12/31/2014
<b>Total Pension Liability</b>		
Adjustments	\$ (9,389)	\$ -
Service cost (beginning of year)	36,052	37,864
Interest (includes interest on service cost)	114,784	112,094
Changes of benefit terms	-	-
Differences between expected and actual experience	-	13,289
Changes of assumptions	17,127	-
Benefit payments, including refunds of member contributions	<u>(114,046)</u>	<u>(92,356)</u>
<b>Net change in total pension liability</b>	<b>44,528</b>	<b>70,891</b>
<b>Total Pension Liability - beginning</b>	<b>2,117,385</b>	<b>2,046,494</b>
<b>Total Pension Liability - ending</b>	<b>\$ 2,161,913</b>	<b>\$ 2,117,385</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 30,795	\$ 29,958
Contributions- PMRS assessment	240	-
Contributions - member	9,054	8,977
PMRS investment income	104,469	107,183
Market value investment income	(104,992)	(2,418)
Transfers	-	-
Benefit payments, including refunds of member contributions	<u>(114,046)</u>	<u>(92,356)</u>
PMRS administrative expense	(240)	(220)
Additional Administrative expense	<u>(4,355)</u>	<u>(4,110)</u>
<b>Net change in plan fiduciary net position</b>	<b>(79,075)</b>	<b>47,014</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,002,713</b>	<b>1,955,699</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,923,638</b>	<b>\$ 2,002,713</b>
<b>Net pension liability - ending</b>	<b>\$ 238,275</b>	<b>\$ 114,672</b>

Plan fiduciary net position as a percentage of the total pension liability	89.0%	94.6%
Covered-employee payroll	\$ 248,462	\$ 261,366
Net pension liability as a percentage of covered-employee payroll	95.9%	43.9%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 OTHER INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 POLICE PENSION FUND  
 For The Year Ended December 31, 2016

Last 10 Measurement Years (if available)\*

	Measurement Year Ending 12/31/2015	Measurement Year Ending 12/31/2014
<b>Total Pension Liability</b>		
Service cost (beginning of year)	\$ 27,465	\$ 30,542
Interest (includes interest on service cost)	61,109	59,581
Changes of benefit terms	-	-
Differences between expected and actual experience	-	45,298
Changes of assumptions	(40,682)	-
Adjustments	(62,548)	-
Benefit payments, including refunds of member contributions	(41,990)	(42,059)
<b>Net change in total pension liability</b>	<b>(56,646)</b>	<b>93,362</b>
<b>Total Pension Liability - beginning</b>	<b>1,166,862</b>	<b>1,073,500</b>
<b>Total Pension Liability - ending</b>	<b>\$ 1,110,216</b>	<b>\$ 1,166,862</b>

**Plan fiduciary net position**

Contributions - employer	\$ 16,035	\$ 16,544
Contributions- PMRS assessment	40	\$ -
Contributions - member	-	-
PMRS investment income	65,469	63,664
Market value investment income	(76,064)	(8,058)
Benefit payments, including refunds of member contributions	(41,990)	(42,059)
PMRS administrative expense	(140)	(100)
Additional Administrative expense	(2,729)	(2,442)
<b>Net change in plan fiduciary net position</b>	<b>(39,379)</b>	<b>27,549</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,191,152</b>	<b>1,163,603</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,151,773</b>	<b>\$ 1,191,152</b>
<b>Net pension liability/(asset) - ending</b>	<b>\$ (41,557)</b>	<b>\$ (24,290)</b>

Plan fiduciary net position as a percentage of the total pension liability	103.7%	102.1%
Covered-employee payroll	\$ 120,191	\$ 137,719
Net pension liability /(asset) as a percentage of covered-employee payroll	-34.6%	-17.6%

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BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 OTHER INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 NON-UNIFORM MUNICIPAL PENSION FUND  
 For The Year Ended December 31, 2016

Last 10 Measurement Years (if available)\*

	<u>Measurement Year Ending 12/31/2015</u>	<u>Measurement Year Ending 12/31/2014</u>
Actuarially Determined Contribution	\$ 30,577	\$ 13,480
Contributions in relation to the Actuarially Determined Contribution**	31,035	29,958
Contribution Deficiency/ (Excess)	<u>\$ (458)</u>	<u>\$ (16,478)</u>
Participant Payroll ***	\$ 248,462	\$ 261,366
Contributions as a Percentage of Covered-Employee Payroll	12.49%	11.46%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

\*\* Information provided by PMRS and not reconciled to determine the cause of any deviation from the Actuarially Determined Contribution (if applicable)

\*\*\* Beginning in 2015, the amount is actual payroll. In 2014, amount is expected payroll based on the most recent actuarial valuation.

**Notes to the Schedule:**

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two year prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2015 is based upon the January 1, 2013 actuarial valuation.

A summary of the key assumptions and methods used to determined the 2015 contribution rates:

- Actuarial Cost Method- Entry Age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset valuation method: Based upon the municipal reserves
- Discount Rate: 5.50%
- Inflation: 3.0%
- Salary increases: age related scale with merit and inflation component
- COLA increases: 3.0% for those eligible for a COLA
- Pre-Retirement Mortality: Males - RP 2000 with 1 year set back, Females - RP 2000 with 5 year set back
- Post-Retirement Mortality: Sex distinct RP- 2000 Combined Healthy Mortality

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
 SHAMOKIN DAM, PENNSYLVANIA  
 OTHER INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 POLICE PENSION FUND  
 For The Year Ended December 31, 2016

Last 10 Measurement Years (if available)\*

	<u>Measurement Year Ending 12/31/2015</u>	<u>Measurement Year Ending 12/31/2014</u>
Actuarially Determined Contribution	\$ 16,035	\$ -
Contributions in relation to the Actuarially Determined Contribution**	16,075	16,544
Contribution Deficiency/ (Excess)	\$ (40)	\$ (16,544)
Participant Payroll ***	\$ 120,191	\$ 137,719
Contributions as a Percentage of Covered-Employee Payroll	13.37%	12.01%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

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- Post-Retirement Mortality: Sex distinct RP- 2000 Combined Healthy Mortality

See accompanying notes to financial statements which are  
an integral part of this statement.

BOROUGH OF SHAMOKIN DAM  
SHAMOKIN DAM, PENNSYLVANIA  
LIST OF REPORT DISTRIBUTION  
December 31, 2016

<u>REPORT</u>	<u>TO WHOM DISTRIBUTED</u>	<u># OF COPIES</u>
Audit Report	Prothonotary Office- Snyder County Courthouse P.O. Box 217 Middleburg, PA 17842	1
Audit Report	The Northumberland National Bank Attn: Thomas Crissinger, Jr. 245 Front Street Northumberland, PA 17857	1
DCED Report	Commonwealth of Pennsylvania Department of Community and Economic Development Governor's Center for Local Government Services 4 <sup>th</sup> Floor Commonwealth Keystone Building Harrisburg, PA 17120-0225	1
Audit Report DCED Report	Shamokin Dam Borough 42 West Eighth Avenue, Suite 1 Shamokin Dam, PA 17876	14