

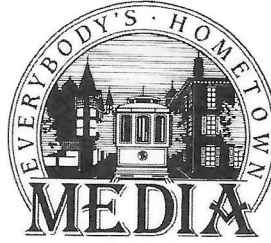
BOROUGH of MEDIA  
ANNUAL AUDITED  
FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2015

**Borough of Media**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BACKGROUND INFORMATION:

The Borough of Media is located in the central section of Delaware County in the Philadelphia Metropolitan Area. Covering an area of 0.75 square mile, Media is situated approximately 12 miles west of downtown Philadelphia and is bounded by the Township of Upper Providence on the west, northwest and southwest and by the Township of Nether Providence on the east, northeast and southeast.

An interlocking system of highways serves the residents of the Borough with US 1 (Baltimore Pike) and US 1 Bypass (east-west) and State Routes 252, 320, 352, 420 and 452 (north-south) serving the area. The Mid-County Expressway, also known as Interstate 476 and the "Blue Route", opened on December 19, 1991 and connects Interstate 95 near the City of Chester on the south with the Northeast Extension of the Pennsylvania Turnpike on the north, traveling just to the east of Media. Two interchanges of the Blue Route serve the residents of Media Borough: the Swarthmore/Media Interchange (via US 1) and the Springfield/Lima Interchange (via US 1 Bypass).

### FACTS AND FIGURES

<b>Population:</b>	Approximately 6,000
<b>Location:</b>	Third and Jackson Streets, Media, PA 19063 610-566-5210 Fax: 610-566-0335  Incorporated as a borough March 10, 1850 from Nether and Upper Providence Townships. Named for its central location in the county.
<b>Area:</b>	.75 square mile
<b>Composition:</b>	68% residential, 30% commercial, 2% industrial
<b>Shopping areas:</b>	State Street and Baltimore Avenue areas
<b>Parks and Recreation:</b>	John K. Barrall Park, tennis courts, baseball diamond
<b>School District:</b>	Rose Tree Media School District, 610-627-6000 School Closing Number - 542
<b>Distance to Center City Philadelphia:</b>	20 miles or 30 minutes
<b>Public Transportation:</b>	Available by train, bus, and trolley
<b>Government Representation:</b>	<ul style="list-style-type: none"> <li>• 9<sup>th</sup> Senatorial District, Domenic F. Pileggi, (R) 610-565-9100</li> <li>• 168<sup>th</sup> Legislative District, Chris Quinn (R) 610-325-1541</li> <li>• 7<sup>th</sup> Congressional District, Patrick Meehan (R) 610-690-7323</li> </ul>

## 2016 TAXES TAXPAYER BILLS OF RIGHTS

<b>Borough:</b>	3.0 mills
<b>School:</b>	24.3773 (2015-2016)
<b>County:</b>	5.604 mills
<b>RE Transfer:</b>	1%
<b>Earned Income:</b>	1% (Collected by Keystone Collections Group)
<b>Business Privilege:</b>	1.5 mills (Collected by e-Collect Plus LLC)
<b>Mercantile:</b>	.75 mill whsl. .75 mill retail (Collected by e-collect Plus LLC)
<b>General Budget:</b>	\$8,050,860
<b>Police Allocation:</b>	\$3,544,665

### SERVICES:

The mission of the Borough of Media is to promote responsive municipal government services to its citizens in an efficient and cost effective manner. All services provided shall benefit the health, safety and welfare of the community.

Media Borough contains a wide array of departments and offices, including Administration, Code Enforcement, Fire, Health, Police, Public Works and Recreation Departments.

**Code Enforcement** - The mission of the Code Enforcement Department is to enhance the overall public safety and welfare of everyone who lives, works, and visits the Borough of Media by enforcement of all Borough Codes. The department investigates any and all property maintenance, fire safety and life safety complaints as well as reviews and issues any and all building, mechanical, electrical, plumbing, dumpster, and sign permits.

Inspections on all commercial and residential properties are performed annually and use and occupancy inspections are performed at the change of ownership and occupancy. The Code Enforcement Department also acts as the support for the Planning Commission, ICC Appeals Board and Zoning Hearing Board.

**Fire Department** - An all-volunteer organization, the Media Fire, Hook & Ladder Company No. 1 provides fire protection services to the Borough of Media and emergency ambulance service to Media, Upper Providence Township, Rose Valley Borough and portions of Nether Providence Township and Swarthmore Borough. The company responds to approximately 275 fire calls and 1,200 ambulance requests annually. In addition to offering emergency assistance, the company offers community services such as: lecture and demonstration programs on fire prevention, safety and escape planning for those living in multi-family dwellings and in single-family homes; courtesy inspections of houses, apartments and condominiums; training in cardiopulmonary resuscitation skills for groups or individuals in high-risk situations; smoke detector installation and battery checking for Borough residents; and consultation on home escape planning, smoke detector location, fire extinguisher selection and placement, and other elements of personal fire safety planning.

**Board of Health** - The Board of Health has the power and duty to enforce the laws of the Commonwealth, the regulations of the State Department of Health, and all ordinances of the Borough enacted to prevent the introduction and spread of infectious or contagious disease; to abate and remove all nuisances which the board shall deem prejudicial to the public health; to mark infected houses or places; to recommend rules for the construction and maintenance of house-drains, wash-pipes, soil-pipes, and cesspools; and to recommend all such other rules and regulations as shall be deemed necessary for the preservation of the public health which have been approved by Borough Council.

**Police Department** – Is a fully-staffed and open 24 hours a day, year-round, is centrally located on the corner of Third and Jackson Streets. It employs fourteen full-time officers, part-time police officers, and parking enforcement officers. In addition, the staff is also supported by several part-time civilian employees. Media police officers respond to approximately 900 calls per month. The Department offers additional services to the community, underscoring its proactive--rather than reactive--approach to crime prevention.

**Public Works Department** - Provides many services to the Borough including, but not limited to, trash removal twice weekly, bulk trash pick-up monthly, snow removal, leaf pick-up through the fall and winter months, sign installation, landscaping of Borough-owned property and various other road improvements.

**Recreation Board** – Responsible for outfitting, operating, and maintaining recreation programs and places in the Borough of Media. These include annual holiday events, bus trips and discount tickets to sports and entertainment venues, and family and adult dances.

## **OPERATIONS:**

The Borough has four (4) main funds: General Fund, Capital Fund, Recreation Fund and Liquid Fuels Fund. Listed below is a summary of the Finance Committee recommendations to Borough Council as it pertains to the adoption of the 2016 final budget.

Please note the General Fund is in balance. There is no transfer from the general fund to the capital fund meaning revenue for some capital purchase/projects will come from the capital reserve bank account (savings). The budget also shows a contingency line item of \$60,000. Annual recurring revenues such as Act 511 taxes (i.e. earned income, business privilege, mercantile, local services and transfer tax) are projected to decrease 3% (\$109,000) in 2016. The following are other revenues worth noting in 2016:

- Real Estate Property Taxes - \$1,184,500
- Act 511 Taxes (Transfer, EIT, BP, Mercantile, LST) - \$4,091,000. Decrease of approximately \$109,000 or 3.0%
- New donation to Farmer's Market for \$1,000
- Other Revenues worth noting
  - Rental from Borough Owned Properties - \$738,460
  - Parking Meters, Fines & Permits - \$168,000

- \$20,000 from healthcare contributions (5% of premium) for Public Works, Public Information Officers and non-union personnel
- Increase of approximately \$37,000 for the rent paid by Aqua (water)

**TOTAL GENERAL FUND REVENUE \$8,050,860**

### **GENERAL FUND BUDGET - EXPENDITURES**

The following are anticipated increases in the 2016 operating budget:

- A 5% (\$4,100) increase in medical/prescription insurance with Independence Blue Cross (IBC).
- Proposed salary increases for personnel:
  - 3.0% salary increase for Police per the collective bargaining agreement
  - 2.5% salary increase for Public Works and Public Information Officers per the collective bargaining agreements
  - 2.67% (average of 3 unions) for non-union staff

Overall, it is anticipated that the salary increases and one new part-time gardener (\$13,000) will result in approximately a \$10,000 decrease in payroll costs in 2016 due to a police officer going out on a disability pension previously.

- Anticipated increase of \$5,000 in electricity costs.
- Anticipated increase of \$103,000 in the police pension MMO and \$65,600 for non-uniformed employees
- Assumption of 10% increase or \$39,900 in workers compensation insurance
- Assumption of 10% increase or \$6,750 in casualty/liability insurance
- \$1,000 budgeted for a donation to the farmer's market
- Assumption of 10% increase of \$7,500 for dental, long term disability and life insurance costs
- The Library contribution will be \$116,500, an increase \$6,500
- Increase of \$10,000 to \$85,000 for the Media Business Authority
- \$60,000 is budgeted for future fire apparatus to be transferred to the Capital Reserve account
- IT budget – each department's maintenance, service and equipment will be housed in the IT budget as opposed to each department
- New gardener position: \$13,000 is budgeted for this position as requested by the Shade Tree Commission
- Additional funds budgeted to promote Frank Lee to a regular part-time employee in the Highway department
- Funds are budgeted for the payout of accrued sick time for 2 anticipated retirements (police officer and public works director)
- Funds are budgeted for the payout of some accrued comp time to police officers
- \$16,000 additional budgeted for donations to sports teams from the recreation fund

Debt Service – New debt service = \$444,320 in 2016 with \$129,000 in the form of reimbursement from the library.

- 2014 BMT Bank Note – 15 years remaining @ \$444,320 each year
  - 2016 Principal payment - \$381,320
  - 2016 Interest payment - \$63,000
- The issuance of debt in 2015 will add \$201,000 in debt payments in 2016, which will be offset by \$129,000 in the form of reimbursement from the library in 2016.

The total departmental allotment, excluding capital expenditures is listed by department below:

• Police Department -	\$3,544,665	44%	4% increase
• Code Enforcement Department -	\$ 301,425	4%	12% decrease
• Administration & Finance -	\$ 715,550	9%	10% increase
• Fire Department -	\$ 214,500	3%	0% increase
• IT Department	\$ 159,400	2%	33% increase
• Health Department -	\$ 19,500	0.2%	8% increase
• Public Works Department –	\$1,401,400	18%	20% increase
- Sanitation - \$418,100 (1% increase)			
- Highway - \$953,300 (6% increase)			
- Snow removal - \$30,000 (13% increase)			

**TOTAL GENERAL FUND EXPENSE \$8,050,860**

### **CAPITAL FUND BUDGET - REVENUES**

Borough Council decided previously on a threshold of \$5,000 (cost) with a useful life of five (5) years for capital items.

The following is anticipated non-recurring grants/revenue for 2016:

- Third Street Bridge Design Reimbursement - \$350,000 (county and state).
- It is anticipated that \$404,500 will be transferred from the capital reserve account (savings account) to cover the cost of some of the capital projects.
- Bank loan proceeds for Library and Borough Hall projects @ \$1,005,000
- DEP Stormwater Management study @ \$100,000
- DVRPC Wayfinding Signage Grant \$40,000

## **CAPITAL FUND BUDGET – EXPENDITURES**

The following is a list of capital expenditures by department/category for 2016:

### *Borough Hall*

• New emergency power generator	\$175,000
• Parking lot stormwater enhancements at Police entrance	\$ 20,000
• Replacement of boilers	\$150,000
• Elevator	\$150,000
	<b><u>SUBTOTAL \$495,000</u></b>

### *Borough Facilities*

• Minshall House Maintenance	\$ 8,000
	<b><u>SUBTOTAL \$8,000</u></b>

### *Public Works*

• Third Street Bridge (design)	\$350,000
• Trash truck	\$130,000
• Street Sweeper	\$250,000
• Stormwater Study	\$100,000
• Paving	\$ 10,000
• ADA ramps/crosswalk	\$ 25,000
• Inlet Maintenance	\$ 25,000
• Veterans Square Memorial Garden	\$ 25,000
• Plum Street Mall Design	\$ 25,000
• Wayfinding Signage Study	\$ 43,000
• Houtman Park Maintenance-tree removal and guardrail	\$ 20,000
• Planting	\$ 20,000
• Barrall Park Maintenance-tennis court resurfacing, etc.	\$ 19,000
• Sidewalk/Curbs	\$ 15,000
• Highway Garage Overhang	\$ 15,000
• Parking Garage Maintenance	\$ 15,000
• Armory Maintenance	\$ 12,000

**SUBTOTAL \$1,099,000**

### *Environmental Advisory Council*

• Trash/Recycling receptacles	\$ 7,500
• Bike Lanes	\$ 20,000
	<b><u>SUBTOTAL \$27,500</u></b>

*Police*

- New vehicle \$ 42,000
  - Radios \$ 30,000
- SUBTOTAL \$ 72,000**

*Media-Upper Providence Free Library*

- Funds for demolition and rebuilding of library facility \$1,500,000
- SUBTOTAL \$1,500,000**

*Technology*

- Municipal Software for Property & Infrastructure Management \$ 35,000
  - Whiteboard \$ 7,000
- SUBTOTAL \$42,000**

*Fire*

- Fire Apparatus \$150,000
  - Firehouse Repairs \$10,000
- SUBTOTAL \$160,000**

**TOTAL CAPITAL BUDGET \$3,403,500**

**LIQUID FUELS FUND**

Liquid fuels funding will be approximately \$135,850 in 2016, which is received from the Commonwealth of Pennsylvania.

**TOTAL LIQUID FUELS FUND BUDGET \$135,250**

**RECREATION FUND**

*Please note an additional \$16,000 donation to the recreation fund for sport teams is included in the 2016 budget. Most of the expenditures in the Recreation Department are related to various programs offered throughout the year. This is the 7th year that summer camp will be administered by the Media Youth Center. The total Recreation Fund revenue and expenditures are anticipated to be \$83,500.*

**TOTAL RECREATION FUND BUDGET \$83,500**

## CONCLUSION

In conclusion, as previously mentioned and discussed, the Borough's cash flow position is good, however there is some uncertainty as the economy starts to show signs of improvement.

Council may want to consider the following in 2016:

- Consider adoption of a 5 year Capital Improvements Program (CIP) budget to include future capital projects/expenditures from each department, municipal owned buildings, community organizations, etc. to determine how to earmark capital reserve funds and plan for the future
- Monitor future police pension and other post-employment benefit(OPEB) costs
- Monitor other municipalities who may assess an Earned Income tax and what the impact may be on the Borough
- Consider creating a debt management and cash investment policy in 2016

By considering the above referenced items, it may allow for meaningful dialogue to take place on the future cash flow position of the Borough and how to plan for future capital expenditures.

Borough Council may want to consider setting aside 5% - 10% of operating revenues annually to maintain a capital reserve fund/account, which will allow for the creation of a 5-10 year capital improvement plan (CIP). The CIP will serve as a blue print for future capital expenditures.

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor, and the Members of Council  
Media Borough, Delaware County, Pennsylvania

We have audited the basic financial statements of the Borough of Media, Delaware County Pennsylvania (a Municipality) as of 31<sup>st</sup> December 2015 and for the year then ended, and the notes thereto. These financial statements are the responsibility of the Borough of Media. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Auditors' Responsibility. The auditors' responsibility is to express an opinion on the financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States, which require that the auditor 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 and 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. Risk assessments involve consideration of 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, and accordingly, no such opinion is expressed. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Media as of 31<sup>st</sup> December 2015, and the results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Change in Accounting Principle. As discussed in Note 6, during the year the Borough of Media implemented GASB Statement No. 67, Financial Reporting for Pension Plans—an amendment

of GASB Statement No. 25, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of these GASB Statements, as applicable. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information. We have previously audited the Borough of Media's basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated 16<sup>th</sup> June 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended 31<sup>st</sup> December 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters.

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

*Peterson, Fieo & Co.*

Peterson, Fieo & Co.

21<sup>st</sup> July 2016

**Borough of Media**

**Statement of Net Assets  
as of December 31, 2015**

*(with Comparative Data as of December 31, 2014)*

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 4,734,898	\$4,995,930
Taxes Receivable	24,516	22,000
Due from Other Government Funds	257,996	974,494
Other Receivables	97,411	30,650
Total Current Assets	5,114,821	6,023,074
Non-Current Assets:		
Land	789,849	789,849
Capital Assets <i>(net of depreciation)</i>	10,659,196	10,392,261
Capitalized Bond Costs <i>(net of amortized amounts)</i>	47,603	51,044
Total Non-Current Assets	11,496,648	11,233,154
TOTAL ASSETS	\$ 16,611,469	\$ 17,256,228
<b>DEFERRED OUTFLOWS / INFLOWS of RESOURCES</b>		
Deferred outflows from pensions	913,660	-
Deferred outflows from prepaid expenses	29,793	30,207
Deferred inflows, from deferred revenues	(61,872)	(49,208)
Net Deferred Outflows/Inflows of Resources	\$ 881,581	\$ (19,001)
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable & Other Current Liabilities	613,013	522,217
Due to Other Government Funds	257,996	974,494
Compensated Absences	68,076	66,666
Note Payable	382,000	-
Total Current Liabilities	1,321,085	1,563,377
Non-Current Liabilities:		
Compensated Absences	612,685	568,039
Post Employment Benefits Payable	1,483,052	1,252,508
Notes Payable	2,550,515	1,860,515
Net Pension Liability	2,988,173	-
Total Non-Current Liabilities	7,634,425	3,681,062
TOTAL LIABILITIES	\$ 8,955,510	\$ 5,244,439
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	8,564,133	9,372,639
Unrestricted (deficit)	(26,593)	2,620,149
TOTAL NET ASSETS	\$ 8,537,540	\$ 11,992,788

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

# Borough of Media

## Statement of Activities

for the year ended December 31, 2015

(with Summarized Comparative Data for the year ended December 31, 2014)

	Expenses	Charges for Services	Program Revenues Operating Grants	Capital Grants	Net (Expense) Revenues & Changes in Net Assets	
					2015	2014
<u>Governmental Activities:</u>						
General Government	\$ 1,197,839	\$ 355,994	\$ 262,609	\$ 3,000	\$ (576,236)	\$ (484,376)
Public Safety	4,671,760	306,791		58,409	(4,306,560)	(3,657,505)
Public Works - Highways & Streets	1,406,062		119,648		(1,286,414)	(1,356,564)
Public Works - Sanitation	455,634	563,757			108,123	(401,797)
Health & Welfare	15,353				(15,353)	(20,582)
Library	1,628,634			500,000	(1,128,634)	(135,217)
Community Development	75,000				(75,000)	(75,000)
Culture & Recreation	199,212	15,112			(184,100)	(201,317)
Interest Expense	22,337				(22,337)	(105,076)
Total Governmental Activities	\$ 9,671,831	\$ 1,241,654	\$ 382,257	\$ 561,409	\$ (7,486,511)	\$ (6,437,434)

### General Government Revenues

#### Taxes:

Real Estate Taxes (including transfer tax)	\$ 1,315,493	\$1,332,898
Earned Income Tax	3,126,647	3,295,573
Local Services Tax	254,365	256,721
Mercantile & Business Privilege Taxes	507,952	697,443
Franchise Fees	145,546	143,499
Fines, Forfeits, & Costs	186,643	118,411
Interest & Rents	733,360	743,959
Grants, unrestricted		
Gain on assets disposals - State Street		-
Total	6,270,006	6,588,504

Change in Net Assets	(1,216,505)	151,070
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Net Assets, Beginning of Year	11,992,788	11,901,920
Prior Period Adjustment	(2,238,743)	(60,202)
Net Assets, End of Year	<u>\$ 8,537,540</u>	<u>\$ 11,992,788</u>

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

**Borough of Media**

**Reconciliation of Total Government Fund Balances to  
Net Assets of Government Activities, December 31, 2015**

Total Governmental Fund Balances (p.6)	\$	4,606,249
Amounts Reported for governmental activities in the Statement of Net Assets are different because:		
Capital Assets used in governmental activities are not financial resources and therefore, are not reported as assest in gov't funds		11,496,648
Add: Receivables not reflected in gov't fund statement:		2,519
Less: Payables, Accruals, and Deferred Inflows not reflected in gov't fund statement:		
Accounts Payable & Accrued Expenses	335,163	
Deferred inflows, from deferred revenues	61,872	
Compensated Absences	680,761	
		(1,077,796)
Long term liabilities that are not due & payable in the current period, and therefore are not reported as liabilities in the government funds		
Post Employment Benefits Payable	1,483,052	
Notes Payable	2,932,515	
Net Pension Liability	2,988,173	
Deferred outflows from pensions	(913,660)	
		(6,490,080)
Net Assets of Governmental Activities (p.3)	\$	<u>8,537,540</u>

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

**Borough of Media**

**Balance Sheet - Governmental Funds**

**as of December 31, 2015**

*(with Summarized Comparative Data as of December 31, 2014)*

	General Fund	Highway Aid Fund	Capital Reserve Fund	Recreation Fund	Totals 2015	Totals 2014
<b>ASSETS</b>						
Cash & Cash Equivalents	\$ 765,193	\$ 109,073	\$ 3,831,322	\$ 29,310	\$ 4,734,898	\$ 4,995,930
Taxes Receivable	22,000				22,000	22,000
Due from Other Government Funds	1,909,497				1,909,497	974,494
Other Receivables	97,408				97,408	30,650
Prepaid Expenses	29,793				29,793	30,207
<b>TOTAL ASSETS</b>	<b>\$ 2,823,891</b>	<b>\$ 109,073</b>	<b>\$ 3,831,322</b>	<b>\$ 29,310</b>	<b>\$ 6,793,596</b>	<b>\$ 6,053,281</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable & Accrued Liabilities	148,715	-	64,290	2,973	215,978	176,907
Deferred Revenue	61,872				61,872	49,208
Due to Other Government Funds	-	103,071	1,785,127	21,299	1,909,497	974,494
<b>TOTAL LIABILITIES</b>	<b>210,587</b>	<b>103,071</b>	<b>1,849,417</b>	<b>24,272</b>	<b>2,187,347</b>	<b>1,200,609</b>
<b>FUND BALANCES</b>						
Reserved for Capital Projects	-	-	1,981,905	-	1,981,905	2,515,881
Unreserved (Deficit)	2,613,304	6,002		5,038	2,624,344	2,336,791
<b>TOTAL FUND BALANCES</b>	<b>2,613,304</b>	<b>6,002</b>	<b>1,981,905</b>	<b>5,038</b>	<b>4,606,249</b>	<b>4,852,672</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 2,823,891</b>	<b>\$ 109,073</b>	<b>\$ 3,831,322</b>	<b>\$ 29,310</b>	<b>\$ 6,793,596</b>	<b>\$ 6,053,281</b>

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

# Borough of Media

## Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds for the year ended December 31, 2015

(with Summarized Comparative Data for the year ended December 31, 2014)

	General Fund	Highway Aid Fund	Capital Reserve Fund	Recreation Fund	Totals 2015	Totals 2014
REVENUES						
Taxes	\$ 5,201,941				\$ 5,201,941	\$ 5,582,635
Licenses & Permits	452,288				452,288	435,427
Fines, Forfeits, & Costs	186,643				186,643	118,411
Interest, Rents, & Franchise Fees	729,383	162	3,804	10	733,359	743,959
Intergovernmental Revenues	270,483	119,648	558,409		948,540	457,514
Charges for Services/Fees	888,204		-	15,112	903,316	856,843
Miscellaneous Revenue	23,723		3,000		26,723	3,000
Private Sector Contributions	-				-	-
Proceeds of New Bond Issue	-		1,250,000		1,250,000	1,860,515
TOTAL REVENUES	7,752,665	119,810	1,815,213	15,122	9,702,810	10,058,304
EXPENDITURES - Current						
General Government	1,039,229		76,813		1,116,042	986,519
Public Safety	3,959,266		304,008		4,263,274	3,925,275
Public Works - Highways & Streets	1,142,703	185,486	444,363		1,772,552	2,443,740
Public Works - Sanitation	419,667				419,667	385,028
Library	110,000		1,500,000		1,610,000	110,000
Community Development	78,356				78,356	88,592
Culture & Recreation	116,030		19,870	58,088	193,988	206,146
Insurance, Employee Benefits, P/R Taxes, &c	295,017				295,017	349,948
Miscellaneous Expenses	-				-	51,044
EXPENDITURES - Debt Service						
Principal	178,000				178,000	1,098,887
Interest	22,337				22,337	103,392
TOTAL EXPENDITURES	7,360,605	185,486	2,345,054	58,088	9,949,233	9,748,571
EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES	392,060	(65,676)	(529,841)	(42,966)	(246,423)	309,733
OTHER FINANCING SOURCES (USES)						
Transfers In	166,666			40,000	206,666	1,649,215
Transfers Out	(202,531)		(4,135)		(206,666)	(1,649,215)
TOTAL OTHER FINANCING SOURCES (USES)	(35,865)	-	(4,135)	40,000	-	-
NET CHANGE IN FUND BALANCES	356,195	(65,676)	(533,976)	(2,966)	(246,423)	309,733
FUND BALANCES (DEFICIT), BEGINNING of YEAR	2,257,109	71,678	2,515,881	8,004	4,852,672	4,542,939
FUND BALANCES (DEFICIT), END of YEAR	\$ 2,613,304	\$ 6,002	\$ 1,981,905	\$ 5,038	\$ 4,606,249	\$ 4,852,672

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

**Borough of Media**

**Reconciliation of the Statement of Revenues, Expenditures, & Changes in Fund Balances of  
Governmental Funds to the Statement of Activities, December 31, 2015**

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

Net Changes in Fund Balances - total governmental funds (p.7)		\$ (246,423)
Adjustments for Debt & Debt Service		
Principal Payments on Bonds & Notes Payable	178,000	
Amortization of Capitalized Bond Costs	(3,441)	
Proceeds of New Debt Issue	(1,250,000)	
Net adjustment for debt proceeds / payments		(1,075,441)
Expenditures for Capital Assets		
All other capital expenditures	623,744	
Expenditures for Capital Assets		623,744
adjustments to amounts payable & receivable:		
increase in accrual for compensated absences	(46,056)	
accrual for post-employment benefits	(230,544)	
additional accrual for pension benefits	164,230	
other receivables	2,516	
other payables & accruals, net decrease	(51,722)	(161,576)
Depreciation Expense claimed on GAAP Statement of Activities		(356,809)
Changes in Net Assets of Governmental Funds (p.4)		<u>\$ (1,216,505)</u>

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

# Borough of Media

## Statement of Fiduciary Net Position as of December 31, 2015

	Police Plan	Non-Uniform Plan	Total
<b>Assets</b>			
Cash & cash equivalents)	\$ -	\$ -	\$ -
Member Contributions Receivable	5,850	1,657	7,507
Benefit Overpayment Receivable	-	9,418	9,418
Investments (at fair value)			
PSAB Municipal Retirement Trust - Balanced Fund	10,153,832	5,510,848	15,664,680
<b>Total Assets</b>	<b>10,159,682</b>	<b>5,521,923</b>	<b>15,681,605</b>
<b>Liabilities</b>			
Accrued administrative expenses	-	-	-
Benefits payable	-	705	705
Refund of members contributions payable	-	19,038	19,038
<b>Total Liabilities</b>	<b>-</b>	<b>19,743</b>	<b>19,743</b>
<b>Net Position Restricted for Pensions</b>	<b>\$ 10,159,682</b>	<b>\$ 5,502,180</b>	<b>\$ 15,661,862</b>

## Statement of Changes in Fiduciary Net Position for the year ended December 31, 2015

	Police Plan	Non-Uniform Plan	Total
<b>Additions</b>			
Contributions			
State Aid	\$ 100,000	\$ 60,754	\$ 160,754
Employer Contribution	511,925	134,263	646,188
Members' Contributions	76,372	46,466	122,838
<b>Total Contributions</b>	<b>688,297</b>	<b>241,483</b>	<b>929,780</b>
Investment Income			
Interest & Dividends	139,535	78,705	218,240
Net Appreciation (Depreciation) in fair value of investments	(200,271)	(113,259)	(313,530)
<b>Total Investment Income</b>	<b>(60,736)</b>	<b>(34,554)</b>	<b>(95,290)</b>
Less Investment Expenses	(52,909)	(31,156)	(84,065)
<b>Net Investment Income</b>	<b>(113,645)</b>	<b>(65,710)</b>	<b>(179,355)</b>
<b>Total Additions</b>	<b>574,652</b>	<b>175,773</b>	<b>750,425</b>
<b>Deductions</b>			
Pension Benefit Payments	359,680	207,762	567,442
Refund of member contribution	-	1,078	1,078
Administrative Expenses	6,421	5,548	11,969
<b>Total Deductions</b>	<b>366,101</b>	<b>214,388</b>	<b>580,489</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>208,551</b>	<b>(38,615)</b>	<b>169,936</b>
<b>Net Position Restricted for Pensions</b>			
Fund Balance, January 1 <sup>st</sup>	9,951,131	5,540,795	15,491,926
<b>Fund Balance, December 31<sup>st</sup></b>	<b>\$ 10,159,682</b>	<b>\$ 5,502,180</b>	<b>\$ 15,661,862</b>

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

**BOROUGH of MEDIA**  
**NOTES to FINANCIAL STATEMENTS**  
December 31, 2015  
*(with comparative information as of December 31, 2014)*

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**NOTE 1      SUMMARY of SIGNIFICANT ACCOUNTING POLICIES**

The Borough of Media presents its financial statements in accordance with generally accepted accounting principles (GAAP), which include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Component Units. The Borough used guidance contained in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, to evaluate the possible inclusion of related entities (e.g., authorities, boards, councils, etc.) within its reporting entity, i.e., component units. The criteria used by the Borough for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, the Borough reviews the applicability of the following criteria. The Borough is financially accountable for:

- Organizations that make up the legal Borough entity.
- Legally separate organizations if Borough officials both (a.) appoint a voting majority of the organization's governing body and (b.) are able to impose its will on the organization; or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough as defined below.

"Impose its will". If the Borough can significantly influence the programs, projects, activities of, or the level of services performed or provided by, the organization.

"Financial benefit or burden" exists if the Borough,

- (1) is entitled to the organization's resources; or
- (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization; or
- (3) is obligated in some manner for the debt of the organization.

"Organizations that are fiscally dependent on the Borough". Fiscal dependency is established if the organization needs the concurrence of the Borough in order to adopt its budget, levy taxes, set rates or charges, or issue bonded debt.

Based upon the above criteria, the Borough does not have any component units.

Basis of Presentation - Entity-wide Financial Statements. The Statement of Net Assets and the Statement of Activities display information about the Borough as a whole. These statements exclude fiduciary activities such as the pension funds. The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and

**BOROUGH of MEDIA**  
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*(with comparative information as of December 31, 2014)*

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expenses are recognized when they are incurred. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

Internal activity is limited to interfund transfers which are eliminated to avoid presenting the same revenues and expenses in two places. Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue and capital projects funds and the restrictions on their net asset use.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in the entity-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Borough has elected not to follow subsequent private-sector standards.

Fund Financial Statements. Fund financial statements report detailed information about the Borough. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major governmental funds are each presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are represented by fund type.

The Borough reports the following major governmental funds:

- General Fund - The General Fund is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general tax revenues of the Borough, as well as other resources received and not designated for a specific purpose, are accounted for in the General Fund.
- Capital Reserve Fund - The Capital Reserve Fund accounts for all financial resources used for the acquisition or construction of major capital projects.
- Governmental Funds - All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The major governmental fund of the Borough is the general fund.

Revenue Recognition. In applying the "susceptible to accrual" concept under the modified accrual basis, certain revenue sources are deemed both measurable and available if collectible

**BOROUGH of MEDIA**  
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within the current year or within 60 days from December 31<sup>st</sup> and available to pay obligations of the current period. This includes investment earnings, real estate taxes, real estate transfer taxes, earned income taxes, and certain fees for services. Revenues for projects funded by federal or state funds are recognized at the time all eligibility requirements have been satisfied, said requirements include (a.) timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, (b.) matching requirements, in which the Borough must provide local resources to be used for a specified purpose, and (c.) expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis.

Property taxes remaining unpaid 60 days after the close of the fiscal year, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes remaining unpaid 60 days after the close of the fiscal year are not recognized as income (and recorded as a receivable) until they are indeed received. Likewise, other revenues, including earned income taxes, and certain other charges for services and miscellaneous revenues, are recorded as revenue when received because they are generally not measurable until actually received.

Expenditure Recognition. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, as provided in GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," certain governmental fund liabilities and expenditures (e.g., compensated absences) are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs such as depreciation and amortization, are not recognized in the governmental funds.

Fiduciary Funds (Trust Funds). Fiduciary Funds or Trust Funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds, including Pension Trust Funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since the measurement of the periodic net income and the determination of capital maintenance are critical.

Budgets. An annual appropriation budget is adopted for the general fund, wherein all annual appropriations lapse on December 31<sup>st</sup> of each year. Budgets are adopted on a cash basis.

Cash & Cash Equivalents. The Borough of Media considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments. Investments are recorded at fair value.

Accounts Receivable & Accounts Payable. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other

**BOROUGH of MEDIA**  
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funds" (i.e., the noncurrent portion of interfund loans).

Capital Assets. Capital assets, which include property, plant, & equipment, are reported in the governmental activities column in the entity-wide financial statements. Capital assets are defined by the Borough as assets with both an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Property, plant, & equipment of the Borough are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	40 years
Buildings & improvements	20-50 years
Furniture & equipment	5-20 years
Infrastructure	40-50 years

The Borough's general infrastructure assets consist of streets and roads and their related traffic signals. The Borough has capitalized the general infrastructure assets acquired on or after January 1, 2004 at their actual cost; assets acquired before January 1, 2004 were capitalized at their appraised cost as part of the implementation of Statement of Governmental Accounting Standards #34.

Long-Term Obligations. In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

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

Fund Equity. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Restricted Net Assets. Restricted net assets are comprised of assets, net of related liabilities, that

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are legally restricted as to their use. When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first and then unrestricted resources as they are needed. Administrative expenses are paid with the use of unrestricted resources.

Compensated Absences. The Borough's policy concerning vacation pay directs all vacation days to be taken by the end of the calendar year. Therefore, there is no accrual for unused vacation pay at December 31, 2015.

The Borough's policy regarding sick pay directs that upon retirement, only a portion of unused sick time is paid out. The payout of sick time is as follows:

Highway/Administration Department	50% of the first 150 accumulated sick days; 20% of 151 to 180 sick days; 0% of sick days in excess of 180 days
Police Department	lesser of (a.) 100 days severance pay or (b.) 50% of accumulated sick time.

In accordance with the provisions of Statement of Governmental Accounting Standards #16, "Accounting for Compensated Absences," a liability is recorded only for the vested portion of accumulated rights to receive sick pay benefits. Historically, Media Borough has estimated the current portion (i.e., the portion to be paid within one year) at 10% of the total accumulated obligation.

Several employees are eligible to separate service and receive a lump-sum payment for these benefits, at a cost of approx. \$7,500; the estimated maximum obligation due by the Borough if every employee eligible for retirement separated service during 2015 is estimated at between \$90,000 and \$108,000.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data. Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Borough's

**BOROUGH of MEDIA**  
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financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**NOTE 2      DEPOSITS & INVESTMENTS**

**Deposits.** Custodial credit risk is the risk that the Borough's deposits will not be returned in the event of a bank failure. The Borough does not have a policy for custodial credit risk on deposits. The Borough is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located within the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

On December 31, 2015, the carrying amount of the Borough's deposits was \$4,734,898 and the bank balances were \$4,887,933. Of these bank balances, \$250,000 was covered by federal depository insurance and \$4,637,933 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Borough's name.

On December 31, 2014, the carrying amount of the Borough's deposits was \$4,995,310 and the bank balances were \$5,159,462. Of these bank balances, \$260,000 was covered by federal depository insurance and \$4,899,462 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Borough's name.

**Investments.** The Borough is authorized by statutes to invest in (a.) obligations of the United States of America, and agencies and instrumentalities of the United States, and (b.) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities, and (c.) deposits in savings accounts or time deposits or share amounts of institutions insured by the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation, or the National Credit Union Share Insurance Fund. Additionally, the Borough may invest in shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, provided that the all investments of that company are also authorized investments for Borough funds. The Borough is in compliance with this statute.

The Pension Trust Funds are administered by the Pennsylvania State Association of Boroughs (PSAB) Retirement Trust, which has responsibility for the exclusive management of the fund and has full power to invest the monies therein subject to the terms, conditions, limitations and restrictions imposed by law upon fiduciaries.

As of December 31, 2015 and 2014, the Police Pension and Non-Uniformed Pension Plans had invested with PSAB \$15,528,695 and \$15,427,000, respectively, which represents pooled investments comprised of domestic equity and fixed income securities. Investments in external investment pools are disclosed but not subject to interest rate, custodial, credit or concentration

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risks because they are not evidenced by securities that exist in physical or book entry form.

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 789,849	\$ -	\$ -	\$ 789,849
Capital Assets Being Depreciated:				
Land Improvements	\$ 1,797,304	\$ 59,210	\$ -	\$ 1,856,514
Infrastructure	3,882,465	429,259	-	4,311,724
Buildings and improvements	9,613,171	23,574	-	9,636,745
Furniture & Equipment	3,494,343	111,701	-	3,606,044
Total Assets Being Depreciated	18,787,283	623,744	-	19,411,027
Accumulated Depreciation:				
Land Improvements	578,764	\$ 47,106	-	625,870
Infrastructure	497,581	68,375	-	565,956
Buildings and improvements	3,740,663	185,555	-	3,926,218
Furniture & Equipment	3,578,014	55,773	-	3,633,787
Total Accumulated Depreciation	8,395,022	356,809	-	8,751,831
Capital Assets Being Depreciated	\$ 10,392,261	\$ 266,935	\$ -	\$ 10,659,196

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 789,849	\$ -	\$ -	\$ 789,849
Capital Assets Being Depreciated:				
Land Improvements	\$ 1,591,790	\$ 205,514	\$ -	\$ 1,797,304
Infrastructure	2,941,868	940,597	-	3,882,465
Buildings and improvements	9,606,903	6,268	-	9,613,171
Furniture & Equipment	3,310,898	183,445	-	3,494,343
Total Assets Being Depreciated	17,451,459	1,335,824	-	18,787,283
Accumulated Depreciation:				
Land Improvements	547,001	\$ 31,763	-	578,764
Infrastructure	403,944	93,637	-	497,581
Buildings and improvements	3,555,669	184,994	-	3,740,663
Furniture & Equipment	3,465,081	112,933	-	3,578,014
Total Accumulated Depreciation	7,971,695	423,327	-	8,395,022
Capital Assets Being Depreciated	\$ 9,479,764	\$ 912,497	\$ -	\$ 10,392,261

Depreciation was charged to the following functions for the years 2015 & 2014:

Governmental Activities	2015	2014
General Government	\$ 79,683	\$ 88,541
Public Safety	134,848	173,469
Public Works: Highways & Streets	87,569	96,040
Public Works: Sanitation	33,959	37,107
Health & Welfare	353	492
Culture & Recreation	18,634	25,217
Community Development	1,763	2,461
Total Depreciation Expense	\$ 356,809	\$ 423,327

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS**

The balance of short-term interfund receivables/payables at December 31, 2015 & 2014 was as follows:

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Interfund Receivables/Payables at December 31,	Due From Other Funds 2015	Due To Other Funds 2015	Due From Other Funds 2014	Due To Other Funds 2014
General Fund	\$ 285,002	\$ 361,067	\$ -	\$ 811,067
Highway Aid Fund	361,067	103,071	361,067	-
Recreation Fund			-	-
Capital Reserve Fund	103,071	285,002	450,000	-
	<u>\$ 749,140</u>	<u>\$ 749,140</u>	<u>\$ 811,067</u>	<u>\$ 811,067</u>

Interfund transfers represent cash appropriations from the general fund to various other funds of the Borough directed by the Borough Council. The composition of interfund transfers for the year ended December 31, 2015 & 2014 is as follows:

Interfund Transfers:

Net Transfers In (Out)	2015	2014
General Fund	\$ (202,531)	\$ 452,091
Recreation Commission Fund	40,000	40,000
Capital Reserve Fund	162,531	(492,091)
	<u>\$ -</u>	<u>\$ -</u>

Accrued Interfund Transfers at December 31st:

Net Transfers In (Out)	2015	2014
General Fund	\$ 200,000	\$ 450,000
Capital Reserve Fund	(200,000)	(450,000)
	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 LONG-TERM LIABILITIES**

In December 2014, the Borough authorized General Obligation ("GO") Note Series 2014 for a maximum of \$5,620,000 with a coupon rate of 5%. Funds may be drawn on an as-needed basis through December 31, 2015. As of December 31, 2014, \$1,860,515 had been drawn from this GO Note Series. During 2015, an additional \$1,750,000 was drawn from the Go Notes Series and first principal payment of \$178,000 was made on April 1, 2015. The note balance as of December 31, 2015 is \$3,432,515. This GO Note Series provides for interest at a rate of 1.54% per annum (fixed) for 10 years, after which the rate will fluctuate based on market benchmarks, but in no case to exceed 1.99% per annum.

Schedules of changes in liabilities for the years ended December 31, 2015 & 2014 are as follows:

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Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Year Ended 12/31/2015:					
GO Note Series 2015	\$ 1,860,515	\$ 1,250,000	\$ 178,000	\$ 2,932,515	
Other Notes Payable	-	-	-	-	
Compensated Absences	634,705	46,056		680,761	68,076
Post-Employment Benefits	1,252,508	230,544		1,483,052	-
Total I/T Financing	<u>\$ 3,747,728</u>	<u>\$ 1,526,600</u>	<u>\$ 178,000</u>	<u>\$ 5,096,328</u>	<u>\$ 68,076</u>
Year Ended 12/31/2014:					
GO Note Series 2014		\$ 1,860,515		\$ 1,860,515	
Other Notes Payable	1,097,203	-	1,097,203	-	
Compensated Absences	583,951	50,754	-	634,705	66,666
Post-Employment Benefits	1,099,899	152,609	-	1,252,508	-
Total I/T Financing	<u>\$ 2,781,053</u>	<u>\$ 2,063,878</u>	<u>\$ 1,097,203</u>	<u>\$ 3,747,728</u>	<u>\$ 66,666</u>

Post-Employment Benefits due within one year have not been estimated. The general fund is responsible for the payment of these liabilities.

**NOTE 6 TAXES**

For 2015, the Borough levied a general fund real estate tax of 3 mills ( $\frac{3}{10}\%$ ) of the assessed value of real estate located within the Borough, due January 1, 2015; the taxable assessed valuation of property for 2015 is \$394,252,213. Invoices for this real estate tax were mailed on February 1, 2015. Tax payments received through March 31, 2015 were granted a 2% discount; those received after May 31, 2015 are subject to a 10% penalty. Taxes remaining unpaid on December 31, 2015 were submitted to Delaware County for tax liens. Other taxes levied in 2015:

- Real Estate Transfer  $\frac{1}{2}\%$  of sale price
- Earned Income Tax 1 % of net income
- Mercantile Tax
  - Gross Receipts Tax of Wholesalers of .75 mills
  - Gross Receipts Tax of Retailers of .75 mills
- Business Privilege Tax Gross Receipts Tax of Service & Retailers of  $1\frac{1}{2}$  mills
- Local Services Tax (formerly Emergency & Municipal Services Tax) \$52 per person employed within Borough limits.

**NOTE 7 SALE of WATERWORKS SYSTEM**

On May 18, 1995, the Borough of Media ("Media") enacted an asset purchase agreement with Philadelphia Suburban Water Company (PSW, now Aqua PA) for the sale of its waterworks system. The purchase price paid by PSW to Media for the Media water system assets was

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\$25,891,878 as summarized in the Asset Purchase Agreement.

Further, on May 23, 1995, PSW and Media executed a lease for approximately 63 acres whereby the lessee (PSW) shall hold the leased property for a term ending on December 31, 2045 ("expiration date"), unless extended or terminated sooner as outlined in the signed lease agreement. Lessee, at its sole option, may extend the lease for two additional terms of 50 years each on the terms and provisions contained in the lease by providing the lessor (i.e., the Borough) with notice of such extension 180 days prior to the expiration date.

The annual rentals from the lessee are as follows:

- A. For the period January 1, 2006 through December 31, 2010, lessee shall pay lessor the sum of \$380,923 per year, in advance. For each subsequent five-year period through December 31, 2045, the rent shall be adjusted based on the consumer price index ("CPI") as discussed in Section 2 of the lease agreement and pursuant to the following formula:

$$\begin{aligned} \text{New rent} &= \text{old rent} \times \text{CPI adjustment factor} \\ \text{CPI adjustment factor} &= \text{new CPI divided by old CPI} \end{aligned}$$

This formula provided a 10% increase in the rental payment due January 1, 2011. The remaining term lease payments are as follows, for the years ended,

2016	419,015
2017	419,015
2018	419,015
2019	419,015
2020	419,015
2021-2025	2,095,075
2026-2030	2,095,075
2031-2035	2,095,075
2036-2040	2,095,075
2041-2045	2,095,075
	<u>\$ 12,570,450</u>

*Note: These payments have not been adjusted based on consumer price index (CPI) as provided in the lease for periods beyond 2016.*

- B. The rent for the premises is divided among the parcels comprising the leased property and the easement property as set forth in Exhibit D of the lease agreement. In the event that lessee elects to exercise a contraction option as set forth in Article IV of the lease agreement, then the rent shall be adjusted and prorated commencing on the date that the contraction option is effective.

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**NOTE 8      SALE of SEWER SYSTEM**

On April 5, 2001, Little Washington and Media executed the asset purchase agreement for the sale of the Borough's wastewater system. The purchase price paid by Little Washington was \$4,063,117 as summarized in the asset purchase agreement.

Further, on April 6, 2001, Little Washington and Media executed a lease for approximately 12 acres of land. The lessee (Little Washington) shall hold the leased property for a term ending on December 31, 2052 ("expiration date"), unless extended or terminated sooner as outlined in the lease agreement. Lessee, at its sole option, may extend the lease for two additional terms of 50 years each on the terms and provisions contained in the lease by providing the lessor with notice of such extension 180 days prior to the expiration date.

Annual rentals are due in advance on January 1<sup>st</sup> of each year. During the first through fifth calendar years of the term commencing January 1, 2003, annual rentals were due at the rate of \$56,780. For each subsequent five-year period through December 31, 2052, the rent shall be adjusted based on the consumer price index ("CPI") as discussed in Section 2 of the lease agreement and pursuant to the following formula:

$$\begin{aligned}\text{New rent} &= \text{old rent} \times \text{CPI adjustment factor} \\ \text{CPI adjustment factor} &= \text{new CPI divided by old CPI}\end{aligned}$$

The remaining term lease payments are as follows, for the years ended,

2016	56,780
2017	56,780
2018	56,780
2019	56,780
2020	56,780
2021-2025	283,900
2026-2030	283,900
2031-2035	283,900
2036-2040	283,900
2041-2045	283,900
2046-2050	283,900
2051-2052	113,560
	<u>\$ 2,100,860</u>

*Note: These payments have not been adjusted based on consumer price index (CPI) as provided in the lease.*

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NOTE 9      LEASES

The Borough entered into agreements to lease a portion of its Armory building. Currently, the tenant is in the 1<sup>st</sup> extension period which expires during 2018. Annual contract rent for each year of this extension period is approx. \$211,750.

The Borough has also entered into agreements to lease the Media Theater building, and remaining portion of its Armory building to local not-for-profit organization at nominal rents.

NOTE 10      POST-EMPLOYMENT BENEFITS (OTHER THAN PENSIONS)

In 2009, the Borough adopted Government Accounting Standards Board Statement No. 45, *"Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions"*. This Statement establishes standards for the measurement, recognition, and display of other post-employment benefits ("OPEB") expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

Plan Description. The Borough self-administers its single-employer, other post-employment benefit program, with benefits as follows:

- **Police Employees:** Eligible employees include those police officers who retire either (a.) at or after normal retirement age with at least 20 years of service, or (b.) after age 50 with 25 years of service. OPEB for these employees consist of premium payments on health, vision, dental, \$10,000 term life insurance, and prescription drug benefits at a rate of 100% for the retiree, and 50% for spouse and dependents for the lesser of 10 years or becoming Medicare eligible.
- **Other employees:** Other eligible employees include those full time employees who retire or are after age 62. OPEB for these employees consist of premium payments on health, vision, dental, and \$10,000 term life insurance, and prescription drug benefits at a rate of 25% for the retiree and spouse until age 65.

Funding Policy. The contribution requirements of the Borough are established and may be amended by the Borough Council. Thus far, it has not been the Borough's policy to annually designate resources to fund these obligations in the amount of the liability that it recognizes for the year, which in turn is computed according to the 30-year method. Instead, the Borough has been using the "pay as you go" method, thereby funding current obligations through its general fund appropriations. There are no required contributions on the part of the program participants (i.e., retirees).

Annual OPEB Cost & Net OPEB Obligation. The Borough's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and

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amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed during the year, and changes to the Borough's net OPEB obligation.

Normal Cost	\$ 65,193
30-year amortization of UAAL	
Unfunded actuarial accrued liability	133,890
Annual Required Contribution (ARC)	199,083
add: Interest on Net OPEB Obligation	46,449
adjustment	(59,071)
Annual OPEB Cost (Expense)	186,461
less: Contributions Made <i>(pay-as-you-go expds.)</i>	44,083
Increase in Net OPEB Obligation	230,544
Net Recognized OPEB Obligation - Jan'y 1, 2015	1,252,508
Net Recognized OPEB Obligation - December 31, 2015	<u>\$ 1,483,052</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2015 was as follows:

Fiscal Year Ended:	December 31, 2015
Annual OPEB Cost:	\$186,461
Percentage of OPEB Cost Contributed:	23.6%
Net OPEB Obligation (12/31/2015)	\$1,483,052

**Funding Status & Funding Progress.**

The funded status of the plan as of December 31, 2015:

Actuarial accrued liability ("AAL")	\$2,180,914
Actuarial value of plan assets	-
Unfunded actuarial accrued liability ("UAAL")	<u>\$2,180,914</u>
Funded ratio	0%
Covered payroll	\$2,290,591
Total Payroll (per Form W-3)	\$3,297,612
UAAL as percentage of covered payroll	95.2%

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The Borough has estimated its total obligation at approx. \$2.2 million and has not changed its assessment since December 31, 2013. As an employer-administered plan, there are no mandated contributions to fund these OPEB obligations, other than expenditures made on the pay-as-you-go basis.

Actuarial valuations of an ongoing obligation involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the obligation and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, ordinarily presented as required supplementary information following the notes to the financial statements, would present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods & Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In calculating the January 1, 2013 valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate (investment rate of return, net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. Initial cost trend assumptions for annual healthcare insurance & prescription costs are based on .5% increase in 2014, with an annual rate increase of 0.5% each year thereafter. Insurance costs for the dental and vision benefits are estimated to increase at a constant 3% annual rate. The UAAL is being amortized on the "Level Dollar" open basis, with an end-of-year interest component. The remaining amortization period at December 31, 2015 is twenty-three (23) years. These values were obtained from the Borough's actuarial study commissioned as of January 1, 2013.

**NOTE 11      PENSION OBLIGATIONS**

*Pension Plan Description & Administration.* Effective with the year beginning 1<sup>st</sup> January 2015, the Borough of Media has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, "*Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*" and GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*". **Comparative information for the year 2014 has not been reformatted to this presentation.** Net Pension Liability has been computed

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and presented as of 31<sup>st</sup> December 2015, resulting in a prior period adjustment being recognized of \$2,238,743 to reflect the Net Pension Liability existing as of 31<sup>st</sup> December 2014.

The Borough of Media maintains two single-employer defined benefit pension plans, namely its Police Pension Plan (covering all uniformed police officers), and its Non-Uniform Plan (covering all other covered employees). Each of these plans entered into joinder agreements with the Pennsylvania State Associations of Boroughs Municipal Retirement Trust (PSABMRT). These plans are governed by the Borough Council of the Borough of Media which may amend plan provisions, and which is responsible for the management of plan assets. The Borough of Media has delegated the authority to manage certain plan assets to the PSABMRT. The plans are required to file actuarial valuation report Form PC-201C with the Public Employee Retirement Commission, with the most recent report being filed as of January 1, 2015.

Current membership in the plan (as of January 1<sup>st</sup> of the year indicated) is as follows:

Table 1	Police Plan		Non-Uniform Plan	
	2015	2016	2015	2016
active employees	13	13	14	14
retirees & beneficiaries currently receiving benefits	8	8	13	13
terminated employees entitled to benefits but not yet receiving them	0	0	2	1
total	<b>21</b>	<b>21</b>	<b>29</b>	<b>28</b>

Benefits Provided.

A covered employee is an employee who receives a regular salary or wages from Media Borough provided, however, that an employee shall not be considered in covered employment if they are a part-time or seasonal employee. Cost-of-living adjustments (COLA) are provided at the discretion of the Borough Council. The Borough has authority to establish and amend benefit provisions of the plan. Covered payroll refers to all compensation by the Borough to active employees covered by the plan.

(i.) Eligibility & Retirement Dates

Police Plan.

- A. Normal Retirement Date - The first day of the month following the member's fiftieth (50<sup>th</sup>) birthday and completion of twenty-five (25) years of continuous service.
- B. Early Retirement Date - The first day of the month following the completion of twenty (20) years of continuous service.

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Non-Uniform Plan.

- A. Normal Retirement Date – (i.) Public Works Employees – the earlier of (a.) age 62 or (b.) age 60 with 35 years of service; (ii.) All Other Eligible Participants - Upon attainment of age 62.
- B. Early Retirement Date – none

(ii.) Retirement Benefits.

Police Plan.

- A. Normal Retirement Benefit – A monthly benefit equal to 50% of gross pay averaged over the final 36 months of employment plus a service increment of \$100 for completion of 26 years of service, \$200 for completion of 27 years of service, and \$250 for completion on 28 or more years of service.
- B. Disability Retirement Benefit – For total and permanent disablement, the officer will receive a monthly benefit equal to the greater of 50% of the member's salary at the time of disablement or 100% of the final year pay divided by 12 offset by any workers' compensation benefits received.

Non-Uniform Plan.

- A. Normal Retirement Benefit – A monthly benefit equal to 2.0% of Average Monthly Compensation multiplied by years of service. Maximum benefit is 70% of Average Monthly Compensation.
- B. Disability Retirement Benefit – For total and permanent disablement and qualification for social security disability benefits, the Accrued Benefit at date of disablement will be payable 6 months following disablement and will continue for the lifetime of the participant.

(iii.) Vested Benefits.

- A. Police Plan - After completing twelve (12) years of service, a member will be entitled to one hundred percent (100%) vesting in his accrued benefit payable at Normal Retirement Date. Normal Retirement benefit multiplied by a ratio of years of service actually completed at date of termination to years of service that would have been completed at retirement date. Benefit is payable starting at normal retirement date in lieu of the return of member contributions.
- B. Non-Uniform Plan – Participants are 100% vested immediately upon Plan Participation. Normal retirement benefit using years of service actually completed at date of termination. Benefit is paid in lieu of the return of member contributions

(iv.) Death Benefits.

A. Police Plan, Pre-Retirement:

- (a.) Non-Vested Benefit - The beneficiary of a deceased officer who was non-vested in the accrued benefit at the date of death, shall be entitled to the refund of employee contributions, if any, plus interest.
- (b.) Vested Benefit – The officer's spouse shall receive a monthly benefit equal to 50% of the benefit that the participant member was receiving or was entitled to

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receive, payable to the spouse for life. If no such spouse survives, or if the spouse survives and subsequently dies, then the participant's dependent children will share the benefit until age of eighteen (18), or age 23 if attending college.

**B. Non-Uniform Plan:**

(a.) Non-Vested Benefit - Refund of contributions paid plus interest.

(b.) Vested Benefit – The Normal Form of Payment is a life annuity with 120 monthly payments guaranteed. Optional Forms of Benefit Payment are available at the election of the participant and are calculated as actuarially equivalent to the Normal Form.

(v.) Deferred Retirement Option Program (DROP). The plan provides a Deferred Retirement Option Program (DROP) benefit for officers who have (a.) attained the age of 52, (b.) completed 25 years of service, and (c.) were hired prior to January 1, 2013. The participant's selected date of DROP termination cannot be more than 3 years after the selected date of participation. The monthly benefit is calculated in the same manner as Normal Retirement as of the DROP participation date. During the DROP period, the monthly benefit is credited to a DROP account and credit with interest.

(vi.) Employee Contributions. Members of both plans contribute a portion of their monthly salary to the plan per the following schedule:

- Police Plan: 5% of compensation.
- Non-Uniform Plan: 6.5% of wages. Non-union employees with 35 years of service are not required to contribute.

Contributions & Funding Policy. Act 205 (of 1984) requires that annual contributions to these plans be based upon the plan's calculated Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Basis of Accounting. These pension trusts use the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed through investment earnings. Assets of each plan are valued and reported at fair market value.

Investment Policy.

The Plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plans have no formally adopted investment policy. It is the

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policy of the PSABMRT General Balanced Fund to invest approximately 55% of assets in equities, approximately 40% of assets in fixed income investments (with a maximum individual maturity of 40 years) and approximately 5% of assets in alternative investments.

*Credit Risk* for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans have no investment policy for credit risk. At December 31, 2015, all plan assets were invested in the PSABMRT General Balanced Fund, which is not rated. However, the formal investment policy of the PSABMRT requires fixed income securities within the portfolio to be rated BBB or higher at the time of purchase, and requires any asset-backed or mortgage-backed securities within the portfolio to be rated AAA at the time of purchase.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of an investment in a single issuer. The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2015, the Plan had no investments, other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments, in any one issuer that represent 5% or more of Fiduciary Net Position.

*Interest Rate Risk* for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. For the General Balanced Fund, approximately 40% of assets will be invested in interest-bearing securities with a maximum individual maturity of 40 years.

DROP Balances.

As of December 31, 2015, DROP balances amounting to \$137,506 are included in Net Position Restricted for the Police Pension Plans. For a description of DROP terms, see Plan Description. There are no DROP balances for the Non-Uniform Plan.

Long-Term Expected Rate of Return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.25%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in Table 2, below.

Table 2	Long-Term Expected Real Rate of Return	
	Police Plan	Non-Uniform Plan
Equities	6.3%	6.3%
Fixed Income	2%	2%
Cash & Cash Equivalents	0%	0%

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Rate of Return.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended December 31, 2015 & 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was

	<u>2015</u>	<u>2014</u>
• Police Plan	-0.62%	6.09%
• Non-Uniformed Plan	-0.63%	6.07%

Pension Liability, Pension Expense and Deferred Outflows of Resources Related to Pensions.

(i.) Net Pension Liability. The components of the net pension liability of the plans as of December 31, 2015 were as follows:

	Police Plan	Non-Uniformed Plan	Total
Total Pension Liability	\$ 12,819,866	\$ 5,830,169	\$ 18,650,035
Plan Fiduciary Net Position	10,159,682	5,502,180	15,661,862
Net Pension Liability	\$ 2,660,184	\$ 327,989	\$ 2,988,173
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.2%	94.4%	84.0%

*(See following table for additional details regarding Net Pension Liability).*

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**Changes in Net Pension Liability**

The following table shows the changes in net pension liability recognized over the year January 1, 2015 to December 31, 2015.

	Police Plan Increase/(Decrease)			Non-Uniform Plan Increase/(Decrease)			Total
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Net Pension Liability
<b>Balances at 12/31/2014</b>	\$ 11,848,247	\$ 9,951,131	\$ 1,897,116	\$ 5,882,422	\$ 5,540,795	\$ 341,627	\$ 2,238,743
<b>Changes for the year:</b>							
Service Cost	245,599		245,599	72,127		72,127	317,726
Interest on Total Pension Liability	878,981		878,981	401,296		401,296	1,280,277
Changes in Benefit Terms			-			-	-
Differences Between Expected and Actual Experience	206,719		206,719	(316,836)		(316,836)	(110,117)
Changes of Assumptions			-			-	-
Contributions - Employer		611,925	(611,925)		195,017	(195,017)	(806,942)
Contributions - State Aid			-			-	-
Contributions - Member		76,372	(76,372)		46,466	(46,466)	(122,838)
Net Investment Income		(60,736)	60,736		(34,554)	34,554	95,290
Benefit Payments	(359,680)	(359,680)	-	(208,840)	(208,840)	-	-
Administrative Expense		(59,330)	59,330		(36,704)	36,704	96,034
Other Changes			-			-	-
<b>Net Changes</b>	\$ 971,619	\$ 208,551	\$ 763,068	\$ (52,253)	\$ (38,615)	\$ (13,638)	\$ 749,430
<b>Balances at 12/31/2015</b>	\$ 12,819,866	\$ 10,159,682	\$ 2,660,184	\$ 5,830,169	\$ 5,502,180	\$ 327,989	\$ 2,988,173

*Notes: The Non-Uniform Plan has been closed to all non-union employees hired on or after July 1, 2013 and union employees hired on or after January 1, 2014.*

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**Components of Pension Expense for Fiscal Year Ended December 31, 2015**

	Police Plan	Non-Uniformed Plan	Total
Service Cost	\$ 245,599	\$ 72,127	\$ 317,726
Interest on Total Pension Liability	878,981	401,296	1,280,277
Changes in Benefit Terms			-
Differences Between Expected and Actual Experience	44,939	(105,612)	(60,673)
Changes of Assumptions			-
Employee Contributions	(76,372)	(46,466)	(122,838)
Projected Earnings on Pension Plan Investments	(712,833)	(395,758)	(1,108,591)
Recognition of Differences Between Projected and Actual Earnings on Investments	154,714	86,062	240,776
Administrative Expense	59,330	36,704	96,034
Other Changes in Fiduciary Net Position	-	-	-
<b>Total Pension Expense</b>	<b>\$ 594,358</b>	<b>\$ 48,353</b>	<b>\$ 642,711</b>

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**December 31, 2015**

**Deferred Outflows and Deferred Inflows of Resources**

At December 31, 2015, Media Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan		Non-Uniformed Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	161,780	-	-	211,224
Changes in Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	618,855	-	344,249	-
Total	<u>\$ 780,635</u>	<u>\$ -</u>	<u>\$ 344,249</u>	<u>\$ 211,224</u>

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

	Police Plan	Non-Uniformed Plan
Year Ended December 31:		
2016	199,653	(19,550)
2017	199,653	(19,550)
2018	199,653	86,062
2019	181,676	86,063
2020	-	-
Thereafter	-	-
Total	<u>\$ 780,635</u>	<u>\$ 133,025</u>

**Media Borough**  
**Notes to Financial Statements, Note #11 (continued)**  
**December 31, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	Police Plan 2015	Police Plan 2014	Non- Uniformed Plan 2015	Non- Uniformed Plan 2014
<b>Total Pension Liability</b>				
Service Cost	\$ 245,599	\$ 249,567	\$ 72,127	\$ 88,040
Interest on Total Pension Liability	878,981	811,445	401,296	406,888
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	206,719	-	(316,836)	-
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(359,680)	(305,729)	(208,840)	(268,710)
<b>Net Change in Total Pension Liability</b>	<b>971,619</b>	<b>755,283</b>	<b>(52,253)</b>	<b>226,218</b>
<b>Total Pension Liability - Beginning</b>	<b>11,848,247</b>	<b>11,092,964</b>	<b>5,882,422</b>	<b>5,656,204</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 12,819,866</b>	<b>\$ 11,848,247</b>	<b>\$ 5,830,169</b>	<b>\$ 5,882,422</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 611,925	\$ 650,624	\$ 195,017	\$ 201,817
Contributions - State Aid	-	-	-	-
Contributions - Member	76,372	71,994	46,466	45,289
Net Investment Income	(60,736)	542,895	(34,554)	315,581
Benefit Payments, Including Refunds of Member Contributions	(359,680)	(305,729)	(208,840)	(268,710)
Administrative Expense	(59,330)	(51,338)	(36,704)	(31,580)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>208,551</b>	<b>908,446</b>	<b>(38,615)</b>	<b>262,397</b>
<b>Plan Net Position - Beginning</b>	<b>9,951,131</b>	<b>9,042,685</b>	<b>5,540,795</b>	<b>5,278,398</b>
<b>Plan Net Position - Ending</b>	<b>\$ 10,159,682</b>	<b>\$ 9,951,131</b>	<b>\$ 5,502,180</b>	<b>\$ 5,540,795</b>
<b>Municipality's Net Pension Liability (Asset)</b>	<b>\$ 2,660,184</b>	<b>\$ 1,897,116</b>	<b>\$ 327,989</b>	<b>\$ 341,627</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>79.2%</b>	<b>84.0%</b>	<b>94.4%</b>	<b>94.2%</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,506,925</b>	<b>\$ 1,433,676</b>	<b>\$ 809,503</b>	<b>\$ 821,075</b>
<b>Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>176.5%</b>	<b>132.3%</b>	<b>40.5%</b>	<b>41.6%</b>

Notes to schedules: none

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

**Media Borough**  
**Notes to Financial Statements, Note #11 (continued)**  
**December 31, 2015**

Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>Schedule of Employer Contributions, Last 10 Fiscal Years, Police Plan</b>					
2006	n/a	n/a	n/a	n/a	n/a
2007	\$309,186	\$309,186	\$0	n/a	n/a
2008	\$389,444	\$389,444	\$0	\$1,391,319	28.0%
2009	\$410,021	\$410,021	\$0	n/a	n/a
2010	\$389,029	\$389,029	\$0	\$1,428,973	27.2%
2011	\$495,395	\$420,285	\$75,110	n/a	n/a
2012	\$504,891	\$504,891	\$0	\$1,556,630	32.4%
2013	\$564,183	\$564,183	\$0	n/a	n/a
2014	\$636,364	\$650,624	(\$14,260)	\$1,433,676	45.4%
2015	\$611,925	\$611,925	\$0	\$1,506,925	40.6%
<b>Schedule of Employer Contributions, Last 10 Fiscal Years, Non-Uniform Plan</b>					
2006	n/a	n/a	n/a	n/a	n/a
2007	\$87,822	\$87,822	\$0		n/a
2008	\$94,445	\$94,445	\$0	\$1,072,244	8.8%
2009	\$95,176	\$95,176	\$0		n/a
2010	\$95,571	\$95,571	\$0	\$1,028,371	9.3%
2011	\$137,810	\$127,069	\$10,741		n/a
2012	\$128,139	\$128,139	\$0	\$824,894	15.5%
2013	\$158,937	\$158,937	\$0		n/a
2014	\$197,558	\$201,818	(\$4,260)	\$821,075	24.6%
2015	\$195,017	\$195,017	\$0	\$809,503	24.1%

**Notes to schedules:** Information prior to 2007 is not available.

**Media Borough**  
**Notes to Financial Statements, Note #11 (continued)**  
**December 31, 2015**

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**Schedule of Investment Returns, Last 10 Fiscal Years, Police Plan**

	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expenses	-0.62%	6.09%

**Notes to schedules:** none

**Schedule of Investment Returns, Last 10 Fiscal Years, Non-Uniform Plan**

	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expenses	-0.63%	6.07%

**Notes to schedules:** none

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.
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**Media Borough**  
**Notes to Financial Statements, Note #11 (continued)**  
**December 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarially Accrued Liability (Excess Funded Liability)	Percentage Funded	Annual Covered Payroll	Unfunded (assets in excess of Accrued Liability) as a % of Payroll
<b>Schedule of Employer Contributions, Last 10 Fiscal Years, Police Plan</b>						
1-Jan-06	*	*		*	*	*
1-Jan-07	\$5,326,542	\$6,898,414	\$1,571,872	77.2%	\$1,275,872	123.2%
1-Jan-08	*	*	*	*	*	*
1-Jan-09	\$5,867,037	\$8,211,124	\$2,344,087	71.5%	\$1,391,318	168.5%
1-Jan-10	*	*	*	*	*	*
1-Jan-11	\$6,746,942	\$9,262,969	\$2,516,027	72.8%	\$1,428,973	176.1%
1-Jan-12	*	*	*	*	*	*
1-Jan-13	\$7,803,596	\$10,356,555	\$2,552,959	75.3%	\$1,556,630	164.0%
1-Jan-14	*	*	*	*	*	*
1-Jan-15	\$9,703,579	\$12,054,966	\$2,351,387	80.5%	\$1,433,676	164.0%
<b>Schedule of Employer Contributions, Last 10 Fiscal Years, Non-Uniform Plan</b>						
1-Jan-06	*	*		*	*	*
1-Jan-07	\$4,247,727	\$4,261,802	\$14,075	99.7%	\$999,275	1.4%
1-Jan-08	*	*		*	*	*
1-Jan-09	\$4,418,621	\$4,713,244	\$294,623	93.7%	\$1,072,244	27.5%
1-Jan-10	*	*		*	*	*
1-Jan-11	\$4,730,306	\$5,373,916	\$643,610	88.0%	\$1,028,372	62.6%
1-Jan-12	*	*		*	*	*
1-Jan-13	\$5,018,748	\$5,640,978	\$622,230	89.0%	\$824,894	75.4%
1-Jan-14				*	*	*
1-Jan-15	\$5,373,144	\$5,565,586	\$192,442	96.5%	\$821,075	23.4%

**Notes to schedules:** Information prior to 2007 is not available.

**BOROUGH of MEDIA**  
**NOTES to FINANCIAL STATEMENTS**  
December 31, 2015  
*(with comparative information as of December 31, 2014)*

(ii.) Net Pension Liability Sensitivity. The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

Table 4	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Police Plan			
Net Pension Liability (Asset)	\$ 4,206,911	\$ 2,660,184	\$ 1,364,194
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
Non-Uniformed Plan			
Net Pension Liability (Asset)	\$ 847,448	\$ 327,989	\$ 123,529

(iii.) Actuarial Assumptions. Plan Assets are valued at Market. The total pension liability for each plan was determined by a biennially actuarial valuation as of January 1, 2013, using the Entry Age Normal cost method and the following actuarial assumptions based on the census data as of January 1, 2015:

Table 5	Police Plan	Non-Uniform Plan
A. Economic Assumptions		
Investment Return	7.25% per annum, net of investment expenses	7.25% per annum, net of investment expenses
Salary Increases	5%, compounded annually	5%, compounded annually
B. Demographic Assumptions		
Pre-Retirement Mortality	none	none
Post-Retirement Mortality	The Blue Collar RP-2000 Mortality Table projected to improve with 75% of scale AA	The Blue Collar RP-2000 Mortality Table projected to improve with 75% of scale AA
Termination	none	none
Disability	none	none
Retirement Age	Age 52 with 25 years of service	Normal retirement age, or attained age if currently eligible to retire
Marital Status	not stated	not stated
Form of Annuity	not stated	not stated

**BOROUGH of MEDIA**  
**NOTES to FINANCIAL STATEMENTS**  
December 31, 2015  
*(with comparative information as of December 31, 2014)*

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NOTE 12      CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE 13      SUBSEQUENT EVENTS.

The Borough has evaluated all events subsequent to the financial statement date of December 31, 2015 through July 21, 2016, 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 under FASB ASC 885-10 Subsequent Events.

## REQUIRED SUPPLEMENTARY INFORMATION

**Borough of Media**

**Budgetary Comparison Statement - General Fund  
for the year ended December 31, 2015**

	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance
<b>REVENUES:</b>			
Taxes	\$ 5,389,500	\$ 5,201,941	\$ (187,559)
Licenses & Permits	303,000	452,288	149,288
Fines, Forfeits, & Costs	189,000	186,643	(2,357)
Interest & Rents	740,500	729,383	(11,117)
Intergovernmental Revenues	285,690	270,483	(15,207)
Charges For Sevices & Fees	1,122,200	888,204	(233,996)
Miscellaneous Revenue	18,000	23,723	5,723
Private Sector Contributions	-	-	-
<b>TOTAL BUDGETED REVENUES</b>	<b>\$ 8,047,890</b>	<b>\$ 7,752,665</b>	<b>\$ (295,225)</b>
<b>EXPENDITURES - CURRENT</b>			
General Government	\$ 1,064,950	\$ 1,039,229	\$ 25,721
Public Safety	4,074,300	3,959,266	115,034
Public Works: Highways & Streets	1,094,200	1,142,703	(48,503)
Public Works: Sanitation	410,450	419,667	(9,217)
Library	110,000	110,000	-
Culture & Recreation	122,700	78,356	44,344
Community Development	78,500	116,030	(37,530)
Insurance, Employee Benefits, P/R Taxes, &c	361,000	295,017	65,983
<b>TOTAL EXPENDITURES - CURRENT</b>	<b>\$ 7,316,100</b>	<b>\$ 7,160,268</b>	<b>\$ 155,832</b>
<b>DEBT SERVICE</b>			
Principal	\$ -	\$ 178,000	\$ (178,000)
Interest	265,000	22,337	242,663
Fiscal Agent Fees, GO Bond Issue 2014	-	-	-
<b>TOTAL DEBT SERVICE</b>	<b>\$ 265,000</b>	<b>\$ 200,337</b>	<b>\$ 64,663</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,581,100</b>	<b>\$ 7,360,605</b>	<b>\$ 220,495</b>
<b>EXCESSSS of REVENUES OVER EXPENDITURES</b>	<b>\$ 466,790</b>	<b>\$ 392,060</b>	<b>\$ (74,730)</b>
Net Transfer to RECREATION FUND	40,000	40,000	-
Net Transfer to CAPITAL RESERVE	-	(166,666)	(166,666)
Net Transfer to CAPITAL FUND	431,290	162,531	(268,759)
<b>NET TRANSFERS</b>	<b>\$ 471,290</b>	<b>\$ 35,865</b>	<b>\$ (435,425)</b>
<b>NET CHANGE in FUND BALANCE</b>	<b>\$ (4,500)</b>	<b>\$ 356,195</b>	<b>\$ 360,695</b>

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