

TOWN OF BLOOMSBURG

FINANCIAL REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Members of Town Council
Town of Bloomsburg
Bloomsburg, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bloomsburg, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 9, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bloomsburg's basic financial statements. The Combining and Individual Fund Statements, listed in the Table of Contents as supplementary information, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Combining and Individual Fund Statements listed in the Table of Contents as supplementary information, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements, listed in the Table of Contents as supplementary information, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*; we have also issued our report dated April 12, 2018, on our consideration of the Town of Bloomsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*; in considering Town of Bloomsburg's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is positioned centrally on the page.

Camp Hill, Pennsylvania
April 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the Town of Bloomsburg, its operations and its present environment. The MD&A is provided as a supplement to and should be read in conjunction with the financial statements. This analytical overview of the Town's financial activities is comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements. We hope this, in conjunction with additional information provided within the financial statements, will assist readers in identifying significant issues and changes in the Town's financial position.

General

The Town of Bloomsburg is a small historic town located within Columbia County and is home to just over 14,000 residents. Bloomsburg is the County seat and is considered the only incorporated "town" in Pennsylvania. This incorporation took place on March 4, 1870. The Town is located along Route 11 and is less than five minutes from two exits of Interstate 80 making Bloomsburg a hub of activity for residents and visitors.

Strategic Imperatives

The following strategic imperatives will be the focus of the Town to attempt to ensure the success in the coming years:

- A review of the fixed asset listing is needed to update the records for the Town of Bloomsburg.
- Continued effort to minimize flooding impacts in Bloomsburg to our businesses, residents and infrastructure.
- Ensuring proper street lighting, sidewalks and paved roads are in place for public use.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government - wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

1) Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- The *statement of net position* presents information on the Town's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

- The *governmental activities* of the Town include education, general government, public safety, public works, code enforcement, economic development and recreation.
- The *business-type activity* of the Town includes the Recycling Center.

Also included in the statements are the component units of the Town. Component units are described as an organization that raises and holds economic resources for the direct benefit of a governmental unit. Components of the Town are the Norris Rock Pool and Bloomsburg Municipal Authority.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. All of the funds of the Town can be divided into three categories: *governmental*, *proprietary*, or *fiduciary*.

- ***Governmental Funds*** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Street Lighting, Fire, Recycling, Library, Capital Projects, Day Care, Debt Service, Commercial Loan Repayment, Liquid Fuels, Airport, CDBG Entitlement Program, CDBG Disaster Recovery, CDBG Program Income, Home Program, Police Pension, Town Employee Pension, David Stroup, George S. Robbins and Bruce Hartman Fund.

The Town of Bloomsburg adopts an annual appropriated budget for the funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- **Proprietary funds** represent charges from customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary funds are comprised of two types: 1.) *Enterprise funds* and 2.) *Internal service funds*. The Town utilizes enterprise funds for its Recycling Center. Internal service funds are an accounting device use to accumulate and allocate costs internal amounts the Town's various functions. Any internal service funds are reported within governmental activities in the government-wide financial statements as they predominantly benefit governmental rather than business-type functions.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs (e.g. pension funds). The accounting used for fiduciary funds is similar to proprietary funds.

3) Notes to the Financial Statements/Other Information

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This required supplementary information can be found at the end of the financials in this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Bloomsburg's progress in funding its obligation to provide pension benefits to its employees.

The combining statements of non-major governmental funds are presented immediately following the required supplementary information on pensions.

Results of Operations - Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$14,207,296 as of the close of the most recent fiscal year for governmental activities and business-type activities.

CONDENSED STATEMENTS OF NET POSITION - GOVERNMENT WIDE

	December 31,		Variance	
	2017	2016	Amount	%
Assets				
Current assets	\$ 4,802,853	\$ 4,643,159	\$ 159,694	3.44
Capital assets	18,542,621	17,055,054	1,487,567	8.72
Total assets	\$ 23,345,474	\$ 21,698,213	\$ 1,647,261	7.59
Deferred Outflows of Resources	\$ 638,622	\$ 726,401	\$ (87,779)	-
Liabilities				
Current liabilities	\$ 1,743,854	\$ 1,866,605	\$ (122,751)	(6.58)
Long-term liabilities	7,580,623	6,935,459	645,164	9.30
Total liabilities	\$ 9,324,477	\$ 8,802,064	\$ 522,413	5.94
Deferred Inflows of Resources	\$ 452,323	\$ 62,972	\$ 389,351	-
Net Position				
Net investment in capital assets	\$ 16,439,132	\$ 15,740,017	\$ 699,115	4.44
Restricted	1,025,167	940,219	84,948	9.03
Unrestricted	(3,257,003)	(3,120,658)	(136,345)	4.37
Total net position	\$ 14,207,296	\$ 13,559,578	\$ 647,718	4.78

The largest portion of the Town’s net position reflects its investments in capital assets of \$16.4 million. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town’s net position (\$1 million) represents resources that are subject to external restrictions on how they may be used. Below is a four-year comparison of the net positions for the Town.

	December 31,			
	2017	2016	2015	2014
Governmental Activities	\$ 13,388,785	\$ 12,602,959	\$ 13,609,928	\$ 13,301,554
Business-Type Activities	818,511	956,619	1,410,722	1,694,221
Total net position	\$ 14,207,296	\$ 13,559,578	\$ 15,020,650	\$ 14,995,775

The focus of the Town’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town’s governmental funds reported combined fund balances of \$2.5 million, an increase of \$282 thousand in comparison with the prior year.

Shown below is the activity in the General Fund for each department.

2017 GENERAL FUND BUDGET VS ACTUAL

	Budget	Actual	Variance
Administration			
Revenue	\$ 5,190,872	\$ 4,434,543	\$ (756,329)
Expenses	2,215,468	1,351,680	(863,788)
Street Excavation			
Revenue	13,500	48,591	35,091
Expenses	128,500	85,910	(42,590)
Town Buildings			
Revenue	-	-	-
Expenses	250,602	253,099	2,497
Tax Collector			
Expenses	22,148	20,829	(1,319)
Police Department			
Revenue	1,090,194	1,209,393	119,199
Expenses	2,695,466	2,570,555	(124,911)
Airport			
Revenue	95,373	94,557	(816)
Expenses	351,137	175,313	(175,824)
Fire Department			
Revenue	70,000	63,560	(6,440)
Expenses	70,000	63,560	(6,440)
Codes Department			
Revenue	287,280	305,937	18,657
Expenses	398,387	353,966	(44,421)
Emergency Management			
Expenses	5,242	4,330	(912)
Public Works			
Revenue	18,362	24,612	6,250
Expenses	1,043,280	990,838	(52,442)
Town Park			
Expenses	31,000	34,249	3,249
Shade Tree			
Expenses	4,175	19	(4,156)
Downtown Economic Dev. & Assist.			
Expenses	4,456	9,503	5,047
Veterans			
Revenue	3,001	778	(2,223)
Expenses	3,001	6,598	3,597
Total Revenue	<u>6,768,582</u>	<u>6,181,971</u>	<u>(586,611)</u>
Total Expenses	<u>7,222,862</u>	<u>5,920,449</u>	<u>(1,302,413)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (454,280)</u>	<u>\$ 261,522</u>	<u>\$ 715,802</u>

Of the \$261,522, a deficit of \$20,688 is dedicated for restricted purposes. The largest item relating to this surplus had to do with the Airport Furnishing Grant in regards to the fuel pump purchase in the amount of \$157 thousand local share which was not moved forward with in 2017. The other large contributing factor is the gross receipts tax which was a total of \$135 thousand over budget in collections.

Within the General Fund the Town Hall Renovation account budget was increased mid-year after an evaluation of the budget during the planning phase of Town Hall. The bids that were received back from the project outline was much higher than expected and in order to move forward on the project the executive decision was made by Council to do a budget amendment to cover the shortfall.

Proprietary Funds

The Town of Bloomsburg's proprietary fund continues to decrease. The rising competition for recyclable goods is a factor. The decreasing numbers of the private industry drop-off rate is also contributing. In efforts to help minimize costs, the Recycling Center recycling fees went in house in 2016. With joint efforts from the Finance Department, Recycling Department and the Town's Financial Institution this was project was able to be accomplished. The switch allowed the Recycling Center to see an immediate cost savings. Since July 2013, the Town partnered with Bloomsburg University to pick up recyclable collections. Management remains confident in its ability to generate collection growth in a highly competitive environment, but also understand some competitors have greater financial resources and could use these resources to take measures which could adversely affect the Town's competition position. In the upcoming calendar year, businesses will be faced with a higher collection fee to cover the rising cost of doing business

Original Budget vs. Final Budget

There were no significant differences in budgets made during the 2017 year.

Request for Information

This financial report is designed to provide a general overview of the Town of Bloomsburg's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Town of Bloomsburg, 301 East Second Street, Bloomsburg PA 17815.

TOWN OF BLOOMSBURG

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Norris Rock Pool	Municipal Authority
Assets					
Cash and cash equivalents	\$ 2,757,973	\$ 694,916	\$ 3,452,889	\$ 1	\$ 4,998,464
Investments	-	-	-	-	1,378,307
Receivables	1,218,307	96,874	1,315,181	-	703,115
Internal balances	63,868	(63,868)	-	-	-
Prepaid expenses	34,783	-	34,783	-	57,875
Capital Assets					
Land and construction-in-progress	3,268,890	-	3,268,890	-	350,790
Other capital assets, net of depreciation	14,643,738	629,993	15,273,731	17,830	22,178,597
Total capital assets	17,912,628	629,993	18,542,621	17,830	22,529,387
Total assets	\$ 21,987,559	\$ 1,357,915	\$ 23,345,474	\$ 17,831	\$ 29,667,148
Deferred Outflows of Resources					
Deferred amount of pension liability	\$ 592,371	\$ 46,251	\$ 638,622	\$ -	\$ 74,658
Liabilities					
Accounts payable and accrued expenses	\$ 640,977	\$ 29,701	\$ 670,678	\$ 57	\$ 119,232
Unearned revenues	715,495	-	715,495	-	-
Long-term liabilities					
Due within one year	357,681	-	357,681	-	725,000
Due in more than one year	7,092,656	487,967	7,580,623	-	10,050,890
Total long-term liabilities	7,450,337	487,967	7,938,304	-	10,775,890
Total liabilities	\$ 8,806,809	\$ 517,668	\$ 9,324,477	\$ 57	\$ 10,895,122
Deferred Inflow of Resources					
Deferred amount of pension liability	\$ 384,336	\$ 67,987	\$ 452,323	\$ -	\$ 90,274
Net Position					
Net investment in capital assets	\$ 15,809,139	\$ 629,993	\$ 16,439,132	\$ 17,830	\$ 12,184,387
Restricted	1,025,167	-	1,025,167	-	-
Unrestricted	(3,445,521)	188,518	(3,257,003)	(56)	6,572,023
Total net position	\$ 13,388,785	\$ 818,511	\$ 14,207,296	\$ 17,774	\$ 18,756,410

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Primary Government		Norris Rock Pool	Municipal Authority	
				Governmental Activities	Business-Type Activities			Total
Governmental Activities								
General government	\$ 1,743,609	\$ 182,576	\$ 370,988	\$ (1,190,045)	\$ -	\$ (1,190,045)	\$ -	\$ -
Public safety	3,101,529	1,087,222	37,012	(1,977,295)	-	(1,977,295)	-	-
Public works	1,556,949	341,645	1,462,435	247,131	-	247,131	-	-
Culture and recreation	385,969	-	178,491	(207,478)	-	(207,478)	-	-
Community and development	16,102	-	-	(16,102)	-	(16,102)	-	-
Interest expense	50,035	-	-	(50,035)	-	(50,035)	-	-
Total governmental activities	6,854,193	1,611,443	2,048,926	(3,193,824)	-	(3,193,824)	-	-
Business-Type Activities								
Recycling	709,704	476,561	108,630	-	(124,513)	(124,513)	-	-
Total primary government	\$ 7,563,897	\$ 2,088,004	\$ 2,157,556	\$ (3,193,824)	\$ (124,513)	\$ (3,318,337)	\$ -	\$ -
Component Units								
Norris Rock Pool	\$ 58,558	\$ 39,971	\$ -	\$ -	\$ -	\$ -	\$ (18,587)	\$ -
Municipal Authority	4,903,223	4,339,140	3,246	-	-	-	-	(560,837)
Total component units	\$ 4,961,781	\$ 4,379,111	\$ 3,246	\$ -	\$ -	\$ -	\$ (18,587)	\$ (560,837)
General Revenues and Transfers								
Property taxes				\$ 1,760,835	\$ -	\$ 1,760,835	\$ -	\$ -
Local enabling act taxes				1,939,972	-	1,939,972	-	-
Investment income				36,185	7,260	43,445	-	33,164
Miscellaneous income				216,658	5,145	221,803	15,827	750
Transfers				26,000	(26,000)	-	-	-
Total general revenues and transfers				3,979,650	(13,595)	3,966,055	15,827	33,914
Changes in net position				785,826	(138,108)	647,718	(2,760)	(526,923)
Net position - January 1, 2017				12,602,959	956,619	13,559,578	20,534	19,283,333
Net position - December 31, 2017				\$ 13,388,785	\$ 818,511	\$ 14,207,296	\$ 17,774	\$ 18,756,410

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Day Care Debt Service Fund	General Debt Service Fund
Assets			
Cash and cash equivalents	\$ 1,824,427	\$ 25,823	\$ 145,909
Due from other funds	484,740	-	-
Receivables	371,981	296,789	15,888
Prepaid expenses	22,339	-	-
Total assets	\$ 2,703,487	\$ 322,612	\$ 161,797
Liabilities			
Due to other funds	\$ -	\$ 58	\$ -
Accounts payable	481,755	-	-
Accrued salaries and benefits	131,132	-	-
Unearned revenues	47,313	668,182	-
Total liabilities	660,200	668,240	-
Deferred Inflows of Resources			
Property taxes receivable	108,945	-	12,336
Future rents receivable	-	32,997	-
Total deferred inflows of resources	108,945	32,997	12,336
Fund Balances (Deficit)			
Nonspendable	22,339	-	-
Restricted for:			
Debt service	-	(378,625)	149,461
Program expenditures	-	-	-
DUI fines	184,573	-	-
Street excavation fees	217,256	-	-
Committed for:			
Capital projects	-	-	-
Records center	24,285	-	-
Sixth street escrow	6,691	-	-
Sunview development road work project	64,605	-	-
Unassigned	1,414,593	-	-
Total fund balances (deficit)	1,934,342	(378,625)	149,461
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 2,703,487	\$ 322,612	\$ 161,797

See Notes to Financial Statements.

Airport Expansion Fund	UDAG Repayment Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 1	\$ 454,699	\$ 307,115	\$ 2,757,974
-	-	-	484,740
118,981	-	414,668	1,218,307
-	-	12,444	34,783
<u>\$ 118,982</u>	<u>\$ 454,699</u>	<u>\$ 734,227</u>	<u>\$ 4,495,804</u>
\$ 118,981	\$ -	\$ 301,833	\$ 420,872
1	-	23,824	505,580
-	-	-	131,132
-	-	4,266	719,761
<u>118,982</u>	<u>-</u>	<u>329,923</u>	<u>1,777,345</u>
-	-	23,950	145,231
-	-	-	32,997
<u>-</u>	<u>-</u>	<u>23,950</u>	<u>178,228</u>
-	-	12,444	34,783
-	-	-	(229,164)
-	454,699	363,020	817,719
-	-	-	184,573
-	-	-	217,256
-	-	4,890	4,890
-	-	-	24,285
-	-	-	6,691
-	-	-	64,605
-	-	-	1,414,593
<u>-</u>	<u>454,699</u>	<u>380,354</u>	<u>2,540,231</u>
<u>\$ 118,982</u>	<u>\$ 454,699</u>	<u>\$ 734,227</u>	<u>\$ 4,495,804</u>

TOWN OF BLOOMSBURG

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2017**

Total fund balances - governmental funds	\$ 2,540,231
<p>Amounts reported for governmental activities in the Statement of Net Position is different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in the governmental funds. The cost of assets is \$27,963,754, and the accumulated depreciation is \$10,051,126.</p>	17,912,628
<p>Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and; therefore, are deferred inflow of resources in the funds.</p>	145,231
<p>Future rents receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and; therefore, are deferred inflow of resources in the funds.</p>	32,997
<p>Deferred inflows and outflows of resources related to pensions are applicable to future periods and; therefore, are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnotes for detail):</p>	
Deferred outflows	592,371
Deferred inflows	(384,336)
<p>Long-term liabilities are not due and payable in the current period and; therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
General obligation notes	(2,020,428)
Capital lease-purchase obligation	(78,171)
Net pension liability	(3,171,648)
Other post-employment benefits	(2,180,090)
	(7,450,337)
Total net position - governmental activities	\$ 13,388,785

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	General Fund	Day Care Debt Service Fund	General Debt Service Fund
Revenues			
Property taxes	\$ 1,383,754	\$ -	\$ 185,172
Local enabling act taxes	1,939,972	-	-
Licenses and permits	103,683	-	-
Fines	777,718	-	-
Investment income	18,356	12	3,196
Rents	38,064	32,997	-
Intergovernmental revenue	1,025,550	-	-
Charges for service	639,862	-	-
Miscellaneous income	168,891	6,413	-
Total revenues	6,095,850	39,422	188,368
Expenditures			
Current			
General government	1,231,558	12,050	-
Public safety	2,628,467	-	-
Public works	1,210,416	-	-
Culture and recreation	34,268	-	-
Community development	16,102	-	-
Debt service			
Principal	39,463	30,465	165,742
Interest	714	946	40,999
Capital outlay			
General government	154,570	-	315,910
Public safety	30,429	-	636,147
Public works	553,476	-	-
Total expenditures	5,899,463	43,461	1,158,798
Excess (deficiency) of revenues over expenditures	196,387	(4,039)	(970,430)
Other Financing Sources (Uses)			
Proceeds from general long-term debt	-	-	1,146,337
Operating transfers in	104,483	-	-
Operating transfers out	(39,348)	-	-
Total other financing sources (uses) - net	65,135	-	1,146,337
Net changes in fund balances (deficit)	261,522	(4,039)	175,907
Fund Balances (Deficit) - January 1, 2017	1,672,820	(374,586)	(26,446)
Fund Balances (Deficit) - December 31, 2017	\$ 1,934,342	\$ (378,625)	\$ 149,461

See Notes to Financial Statements.

Airport Expansion Fund	UDAG Repayment Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 176,795	\$ 1,745,721
-	-	-	1,939,972
-	-	-	103,683
-	-	-	777,718
-	5,028	9,593	36,185
-	-	-	71,061
123,741	-	973,733	2,123,024
-	-	-	639,862
-	-	2,200	177,504
<u>123,741</u>	<u>5,028</u>	<u>1,162,321</u>	<u>7,614,730</u>
-	-	58,276	1,301,884
-	-	120,774	2,749,241
15,294	-	125,278	1,350,988
-	-	194,022	228,290
-	-	-	16,102
-	-	122,216	357,886
-	-	7,375	50,034
-	-	-	470,480
-	-	-	666,576
131,968	-	612,637	1,298,081
<u>147,262</u>	<u>-</u>	<u>1,240,578</u>	<u>8,489,562</u>
(23,521)	5,028	(78,257)	(874,832)
-	-	-	1,146,337
23,521	-	-	128,004
-	-	(78,483)	(117,831)
<u>23,521</u>	<u>-</u>	<u>(78,483)</u>	<u>1,156,510</u>
-	5,028	(156,740)	281,678
-	449,671	537,094	2,258,553
<u>\$ -</u>	<u>\$ 454,699</u>	<u>\$ 380,354</u>	<u>\$ 2,540,231</u>

TOWN OF BLOOMSBURG

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

Net changes in fund balances (deficit) - governmental funds	\$	281,678
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays and dispositions exceed depreciation in the period.

Capital outlays	2,435,137	
Less depreciation expense	<u>(839,371)</u>	1,595,766

Because some property taxes will not be collected for several months after the Town's calendar year ends; they are not considered as "available" revenues in the governmental funds. Deferred inflow of resources increased by this amount this year.	15,115
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The changes in net pension liability, deferred outflows related to pensions and deferred inflows related to pensions do not require the use of current financial resources, and; therefore, are not reported as expenditures in governmental funds but are expenses reported in the Statement of Activities.	(154,135)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(164,147)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid on General Obligation Notes	357,886	
Proceeds from issuance of General Obligation Notes	(1,146,337)	
		<u>(788,451)</u>

Changes in net position of governmental activities	\$	<u>785,826</u>
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See Notes to Financial Statements.

TOWN OF BLOOMSBURG

STATEMENT OF NET POSITION - PROPRIETARY FUND

December 31, 2017

Assets	
Cash and cash equivalents	\$ 694,916
Receivables	96,874
Capital assets, net of depreciation	629,993
Total assets	<u><u>\$ 1,421,783</u></u>
 Deferred Outflows of Resources	
Deferred amounts on pension liability	<u><u>\$ 46,251</u></u>
 Liabilities	
Accounts payable	\$ 16,070
Internal balances	63,868
Accrued payroll	13,631
Accrued other post-employment benefits	225,682
Net pension liability	262,285
Total liabilities	<u><u>\$ 581,536</u></u>
 Deferred Inflows of Resources	
Deferred amounts on pension liability	<u><u>\$ 67,987</u></u>
 Net Position	
Net investment in capital assets	\$ 629,993
Unrestricted	188,518
Total net position	<u><u>\$ 818,511</u></u>

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2017**

<hr/>	
Operating Revenues	
Sale of materials	\$ 334,434
Charges for services	142,127
Other revenue	5,145
Total operating revenues	<u>481,706</u>
Operating Expenses	
Salaries and wages	266,410
Payroll taxes	21,693
Employee benefits	198,428
Advertising and printing	636
Supplies	19,396
Heat and utilities	12,198
Insurance	6,152
Trash removal	5,568
Weighing and shipping	14,792
Maintenance and repairs	32,834
Depreciation	108,199
Postage	3,484
Professional services	8,154
Small equipment	3,742
Communications expense	6,888
Training	1,130
Total operating expenses	<u>709,704</u>
Operating loss	(227,998)
Nonoperating Income (Expense)	
Investment income	7,260
Grant proceeds	108,630
Operating transfers out	(26,000)
Nonoperating income - net	<u>89,890</u>
Changes in net position	(138,108)
Net Position - January 1, 2017	956,619
Net Position - December 31, 2017	<u>\$ 818,511</u>

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended December 31, 2017

Cash Flows From Operating Activities	
Cash received from customers	\$ 419,221
Cash payments for goods and services	(116,490)
Cash payments to employees for services	(429,564)
Other operating expenses - paid from other funds	49,335
Other operating revenues - net	5,145
Net cash used in operating activities	<u>(72,353)</u>
Cash Flows From Noncapital Financing Activities	
Operating grants received	108,630
Operating transfers to other funds	(26,000)
Net cash provided by noncapital financing activities	<u>82,630</u>
Cash Flows From Investing Activities	
Interest received	<u>7,260</u>
Net increase in cash and cash equivalents	17,537
Cash and Cash Equivalents:	
January 1, 2017	<u>677,379</u>
December 31, 2017	<u>\$ 694,916</u>
Reconciliation of Operating Loss to	
Net Cash Used in Operating Activities	
Operating loss	\$ (227,998)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	108,199
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(57,340)
Prepaid expenses	6,213
Deferred outflows of resources	5,228
(Decrease) increase in:	
Accounts payable	(1,516)
Internal balances	49,335
Accrued payroll	6,030
Accrued other post-employment benefits	20,604
Net pension liability	(35,871)
Deferred inflows of resources	54,763
Net cash used in operating activities	<u>\$ (72,353)</u>

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

	Nonexpendable Trusts			Pensions	
	David Stroup	George S. Robbins	Bruce Hartman	Municipal Employees' Retirement	Police
Assets					
Cash and cash equivalents	\$ 19,337	\$ 7,668	\$ 5,178	\$ 62,165	\$ 122,847
Investments	-	-	-	3,266,785	4,043,388
Interest receivable	-	-	-	9,474	11,300
Total assets	\$ 19,337	\$ 7,668	\$ 5,178	\$ 3,338,424	\$ 4,177,535
Net Position					
Restricted for:					
Municipal employees' retirement fund	\$ -	\$ -	\$ -	\$ 3,338,424	\$ -
Police pension trust fund	-	-	-	-	4,177,535
Committed for:					
Bequest for needy widows	19,337	-	-	-	-
Bequest for indigent persons	-	7,668	-	-	-
Bequest to assist needy persons with fuel	-	-	5,178	-	-
Total net position	\$ 19,337	\$ 7,668	\$ 5,178	\$ 3,338,424	\$ 4,177,535

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2017

	Nonexpendable Trusts			Pensions	
	David Stroup	George S. Robbins	Bruce Hartman	Municipal Employees' Retirement	Police
Additions					
Investment income	\$ 6	\$ 2	\$ 2	\$ 105,029	\$ 117,799
Contributions	-	-	-	136,146	366,704
Net appreciation in fair value of investments	-	-	-	194,891	275,843
Gain on sale of investment assets	-	-	-	26,459	13,364
Total additions	6	2	2	462,525	773,710
Deductions					
Benefits and claims	-	-	-	158,816	316,567
Administrative expenses	-	-	-	26,682	29,343
Total deductions	-	-	-	185,498	345,910
Changes in net position	6	2	2	277,027	427,800
Net Position - January 1, 2017	19,331	7,666	5,176	3,061,397	3,749,735
Net Position - December 31, 2017	<u>\$ 19,337</u>	<u>\$ 7,668</u>	<u>\$ 5,178</u>	<u>\$ 3,338,424</u>	<u>\$ 4,177,535</u>

See Notes to Financial Statements.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Activities:

The Town of Bloomsburg, Columbia County, Pennsylvania (the "Town") was established on March 4, 1870, by a special act of the Pennsylvania Legislature. The Town is the only incorporated town in the Commonwealth of Pennsylvania. Corporate powers of the Town are vested in a Mayor and a six-member Council. The Town provides the following services: general; public safety (police and fire); health and human; sanitation; highways, roads and streets; culture and recreation; conservation and development; recycling; and parking.

The accompanying financial statements present the government and its component units, entities for which the Town is considered to be financially accountable or which are significant to the operations of the Town. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Town.

Discretely Presented Component Units:

Norris Rock Pool

The Bloomsburg Swimming Pool was constructed in 1955. In 1989, the pool was renamed the Norris Rock Memorial Swimming Pool in memory of Norris Rock who had managed the pool free of charge for many years. The assets associated with the pool are held by the Town. At the end of calendar year 2015 Council approved dissolving the investment fund in order to place it into the main operational account for the pool.

Municipal Authority of the Town of Bloomsburg

The Municipal Authority of the Town of Bloomsburg (Authority) was incorporated on October 7, 1950, under the Municipality Authorities Act of 1945, P.L. 382, as amended, pursuant to an ordinance of the Town Council of the Town of Bloomsburg, Columbia County, Pennsylvania.

The Authority is an operating authority responsible for acquiring, holding, constructing, improving, owning and leasing sewer, sewer systems or parts thereof.

The Board of the Authority consists of five members who are appointed for a five-year term by Bloomsburg Town Council with one member's term expiring each year.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The Town complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government'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 Day Care Debt Service Fund, accounts for the 2010 General Obligation Notes issued in the amount of \$223,805 in order to finance the construction of the Columbia Day Care Center.

The General Debt Service Fund, accounts for the 2010, 2014 and 2016 issuances of General Obligation Notes in the amount of \$1,248,654, \$400,000 and \$1,500,000, respectively. The Notes provide funds for the construction and acquisition of certain capital assets within the Town.

The Airport Expansion Fund accounts for grants received from the FAA and the Commonwealth of Pennsylvania for expansion of the Town's municipal airport. The Town also agrees to forever keep and maintain the airport as a public airport. Failure to do so would subject the Town to immediate repayment of the grant contributions.

The UDAG Repayment Fund accounts for funds received from the repayment of the Community Development Fund UDAG Grant. As the UDAG Grant Loan is repaid to the Town, the funds are made available for activities eligible under Title I of the Housing and Community Development Act of 1974.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

The government reports the following major proprietary fund:

The Recycling Fund accounts for the financing of services to the general public where all or most of the costs involved are paid in the form of charges to the users of such services.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Recycling Fund is the sale of recycled materials and charges for recycling services. The principal operating revenue of the Norris Rock Pool is charges for services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue or expenses.

Additionally, the government reports the following fund types:

The Pension Trust Funds account for the activities of the Municipal Employees and Police Pension Plans. These Trust Funds accumulate resources for pension benefit payments to qualified employees.

The David Stroup, George S. Robbins, and Bruce Hartman Funds, non-expendable trust funds, account for funds whose principal must remain intact and invested with the resultant income to be used for activities as outlined in the Trust Agreements. The Trust Agreements stipulate that income derived from the investments of principal shall be used to provide aid and assistance to the needy.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting: Town Council adopts budgets for certain governmental funds on the modified accrual basis. The Town also adopts a budget for the enterprise fund on the accrual basis. Annual budgets are adopted for the general, enterprise and debt service funds. Town Council also adopts a budget for the State Liquid Fuels Highway Aid Fund, Library, Fire and Street Lighting Funds, which are in the Special Revenue Funds. All annual appropriations lapse at the end of each year and must be re-appropriated.

Cash Equivalents: For purposes of the Statement of Cash Flows, the Town considers time deposits, certificates of deposit, and all highly-liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments: Investments are recorded at fair value or at amortized cost, depending on the investment type, consistent with generally accepted accounting principles.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Compensated Absences: Town employees earn vacation annually, January 1; based upon the number of years employed. An employee is not eligible for vacation until they have completed one year of continuous service with the Town. Employees earn varying amounts of sick leave each month based off years of service. Employees receive no benefit or pay for unused sick leave upon termination. At the end of the year, any unused vacation up to 40 hours is paid to the employee. Accumulated vacation is paid upon termination. Since substantially all accrued vacation will be paid within one year, the Town has reflected the accrual as a liability in the applicable funds.

Deferred Inflows of Resources - Unearned Revenues: The Town recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Those property tax receivables expected to be collected after sixty days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Fund Balance:

The Town’s fund balance classifications are defined and described as follows:

Nonspendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Council, the Town’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council removes the constraints or changes the specified purpose through the same action it used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government’s intent to be used for a specific purpose but are neither restricted nor committed. Through Town policy, the Council has delegated the authority to express intent to the Town Administrator.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Other

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through April 12, 2018, the date the financial statements were available to be issued.

Note 2. Legal Compliance - Budgets

The Town utilizes the following procedures to establish the budgetary data reflected in the financial statements:

1. During November, the Town makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures, revenue and arrangements.
2. Prior to December 31, the Town holds a public hearing to obtain taxpayer comments after which the budget is legally adopted through passage of an ordinance.
3. All budget revisions require the approval of Town Council.

Formal budgetary integration is utilized as a management control device during the year for certain Governmental Funds.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

Statutes authorize the Town to invest in the following:

- U. S. Treasury Bills
- Short-term obligations of the U. S. Government and Federal agencies
- Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions
- General obligation bonds of the Federal Government, the Commonwealth of Pennsylvania or any state agency or of any Pennsylvania political subdivision
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policies of the Town adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Town policies.

Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the Town's deposits and/or investments may not be returned to it. A summary of the Town's deposits at December 31, 2017, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	First Columbia Bank & Trust
Uninsured, collateralized in accordance with Act 72	3,201,799	3,374,992	First Columbia Bank & Trust
	<u>\$ 3,451,799</u>	<u>\$ 3,624,992</u>	

All deposits of the Town are either insured or collateralized. All deposits that exceed the Federal depository insurance coverage level are collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities maintained in conformity with Act 72 of 1971. Act 72 of 1971 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgers of the assets. The Town has no policy regarding custodial credit risk for deposits.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investments

The Town categorizes its fair value measures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2017, the Town does not hold any investments in Governmental or Business-Type Activities, which are subject to the fair value measurements and valuation input classifications.

Weighted-Average Maturity

The weighted-average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Interest-Rate Risk

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

Concentrations of Credit Risk

The Town places no limit on the amounts invested in any one issuer.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

Receivables as of December 31, 2017, for the government's individual major and non-major funds are as follows:

	General Fund	Day Care Debt Service Fund	General Debt Service Fund	Airport Expansion Fund	Non-Major Governmental Funds	Total Governmental Funds
Receivables:						
Taxes	\$ 108,944	\$ -	\$ 12,336	\$ -	\$ 23,949	\$ 145,229
Future rents	-	296,789	-	-	-	296,789
Loans receivable	-	-	-	-	118,700	118,700
Others	263,037	-	3,552	118,981	272,017	657,587
	<u>\$ 371,981</u>	<u>\$ 296,789</u>	<u>\$ 15,888</u>	<u>\$ 118,981</u>	<u>\$ 414,668</u>	<u>\$ 1,218,307</u>

The proprietary fund receivable balance generally consists of customer charges at December 31, 2017.

Note 5. Property Taxes

Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2% discount if paid before May 1 and at a 10% penalty if paid after the due date of June 30. Outstanding real estate taxes are turned over to a delinquent tax collector on the first of January of each year. After proper notification is made to a property owner, a lien is filed on or about May 1 and must remain in effect for a period of two years before a tax sale may occur. Taxes are recorded as revenue by the Town when received from the tax collector, and proper accruals are recorded at year-end. The Town has not established an allowance for uncollectible taxes since experience has demonstrated that substantially all taxes are ultimately collectible. The total assessed valuation for the 2017 taxes is \$123,249,478. The Town is permitted by law to levy taxes up to \$3.00 per \$100 of assessed valuation for general governmental purposes. The General Fund tax rate for the year ended December 31, 2017, was 11.389 mills.

In addition, the Town is permitted to levy the following real estate taxes per \$100 of assessed valuation:

Purpose	Maximum Levy Allowable Under the Law
Debt service	An amount sufficient to meet debt service requirements
Persons, retirement Pensions	\$.05
Shade trees	\$.01
Street lighting	\$.80
Support of fire companies	\$.30
Buildings	\$.20
Libraries	No limit
Ambulance and rescue	\$.05

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 6. Future Rents Receivable

On April 1, 1988, the Town entered into an agreement to lease a day care facility to Columbia Day Care Program, Inc., ("Day Care") for a term of 50 years. The facility was financed substantially by issuance, through the U. S. Farmers Home Administration ("FmHA"), of the Town's Series A and Series B 1988 General Obligation Notes. During 2010, these notes were part of the Town's debt refinancing, of the 2010 General Obligation Note. (See Note 10).

Under the terms of the lease with the Day Care, the Town is to receive monthly rentals based upon the following formula:

During the first forty-eight months, rents will equal the Town's monthly debt service payment to FmHA on the Town's 1988 Series General Obligation Notes.

During months 49 to 360, monthly rents will equal the sum of:

- (a) A portion of the Town's monthly debt service payment to First Columbia Bank & Trust on the Town's Sinking Fund 2010 General Obligation Note.
- (b) An amount equal to 1/312 of the sum of the cost of the site and the Town's proceeds used in the construction of improvements.
- (c) An amount equal to the assessed value of the leased premises multiplied by the Town's then current annual real estate millage rate divided by twelve.

The amounts in parts (b) and (c) of the above formula may not exceed \$668 per month.

During months 361 to 600, monthly rent will equal \$668 multiplied by the Consumer Price Index compounded annually since April 1988.

The Town has classified this lease as a direct financing lease and, accordingly, has capitalized the future rents receivable and has recorded deferred revenue to account for the related unearned rents. The deferred revenues are being amortized using the straight-line method over the 50 year life of the lease.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 7. Property, Plant and Equipment

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market values at dates of donation.

The costs of normal maintenance and repairs that do not add to the values of assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of business-type capital assets is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings/Building Improvements	40
Public Domain Infrastructure	50
Vehicles and Equipment	3-10
Land Improvements/Other Improvements	15-40

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 7. Property, Plant and Equipment (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,825,385	\$ -	\$ -	\$ 2,825,385
Construction-in-progress	1,238,374	443,503	1,238,372	443,505
Total capital assets not being depreciated	<u>4,063,759</u>	<u>443,503</u>	<u>1,238,372</u>	<u>3,268,890</u>
Capital assets, being depreciated				
Land improvements	4,810,371	569,341	-	5,379,712
Buildings and improvements	7,771,065	2,146,800	-	9,917,865
Machinery and equipment	5,650,750	48,668	365,729	5,333,689
Infrastructure	3,598,401	465,197	-	4,063,598
Total capital assets being depreciated	<u>21,830,587</u>	<u>3,230,006</u>	<u>365,729</u>	<u>24,694,864</u>
Less accumulated depreciation for:				
Land improvements	(2,435,145)	(248,870)	-	(2,684,015)
Buildings and improvements	(1,818,242)	(223,993)	-	(2,042,235)
Machinery and equipment	(4,212,692)	(194,605)	(365,729)	(4,041,568)
Infrastructure	(1,111,405)	(171,903)	-	(1,283,308)
Total accumulated depreciation	<u>(9,577,484)</u>	<u>(839,371)</u>	<u>(365,729)</u>	<u>(10,051,126)</u>
Total capital assets being depreciated, net	<u>12,253,103</u>	<u>2,390,635</u>	<u>-</u>	<u>14,643,738</u>
Governmental Activities Capital assets, net	<u>\$ 16,316,862</u>	<u>\$ 2,834,138</u>	<u>\$ 1,238,372</u>	<u>\$ 17,912,628</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 7. Property, Plant and Equipment (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets being depreciated				
Land improvements	\$ 441,822	\$ -	\$ -	\$ 441,822
Buildings and improvements	791,353	-	-	791,353
Machinery and equipment	1,594,345	-	-	1,594,345
Total capital assets being depreciated	<u>2,827,520</u>	-	-	<u>2,827,520</u>
Less accumulated depreciation for:				
Land improvements	(135,339)	(23,874)	-	(159,213)
Buildings and improvements	(487,995)	(41,817)	-	(529,812)
Machinery and equipment	(1,465,994)	(42,508)	-	(1,508,502)
Total accumulated depreciation	<u>(2,089,328)</u>	<u>(108,199)</u>	-	<u>(2,197,527)</u>
Total capital assets being depreciated, net	<u>738,192</u>	<u>(108,199)</u>	-	<u>629,993</u>
Business-Type Activities				
Capital assets, net	<u>\$ 738,192</u>	<u>\$ (108,199)</u>	<u>\$ -</u>	<u>\$ 629,993</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	Amount
Governmental Activities:	
General government	\$ 380,911
Public safety	149,618
Public works	151,164
Culture and recreation	157,678
Total depreciation expense - governmental activities	<u>\$ 839,371</u>
Business-Type Activities:	
Recycling	<u>\$ 108,199</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at December 31, 2017, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 484,740	\$ -
Day Care	-	58
Airport Expansion	-	118,981
CDBG Entitlement Program	-	72,984
CDBG Disaster Recovery	-	190,819
CDBG Home Program	-	1
Fire	-	27,117
Street Lighting	-	6,869
Library	-	4,043
Recycling	-	63,868
	<u>\$ 484,740</u>	<u>\$ 484,740</u>

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be repaid within the following year.

Individual fund transfers during the year ended December 31, 2017, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 104,483	\$ 23,521
Airport Expansion	23,521	-
State Liquid Fuels	-	78,483
Recycling	-	26,000
	<u>\$ 128,004</u>	<u>\$ 128,004</u>

These transfers are initiated in the normal course of operations to address individual fund needs throughout the year.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Liabilities

The following is a schedule of the long-term liabilities at December 31, 2017:

	January 1, 2017	Increases	Decreases	December 31, 2017	Due within One Year
Long-term obligations - Notes Payable (Note 10)	\$ 1,192,514	\$ 1,146,337	\$ (318,423)	\$ 2,020,428	\$ 318,939
Capital lease-purchase obligation (Note 11)	117,634	-	(39,463)	78,171	38,742
Net pension liability					
Police (Note 12)	2,313,018	-	(128,061)	2,184,957	-
Municipal Employees (Note 13)	1,419,790	-	(170,814)	1,248,976	-
Net pension liability total	3,732,808	-	(298,875)	3,433,933	-
Other post-employment benefits (Note 14)	2,221,021	184,751	-	2,405,772	-
Total General Long-Term Liabilities	\$ 7,263,977	\$ 1,331,088	\$ (656,761)	\$ 7,938,304	\$ 357,681

Note 10. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities.

General Obligation Notes - Series of 2010 - During 2010, the Town issued \$1,248,654 to refinance four General Obligation Notes. The newly issued General Obligation Note bears interest at 4.09% and requires 96 monthly payments of \$15,272, consisting of principal and interest, beginning November 30, 2010. This note's maturity date is November 2018. The note was refinanced in May 2014, which lowered the interest rate from 4.09% to 2.23% per annum through the period ending October 30, 2018.

General Obligation Notes - Series A of 2014 - In May 2014, the Town issued General Obligation Notes - Series A of 2014, in the principal amount of \$350,000. The proceeds of the note were used to purchase a fire engine. The note bears interest at 2.41% and requires 84 monthly payments of \$4,538, consisting of principal and interest, beginning July 1, 2014. This note's maturity date is November 2018.

General Obligation Notes - Series B of 2014 - In December 2014, the Town issued General Obligation Notes - Series B of 2014, in the principal amount of \$400,000. The proceeds of the note were used to fund several construction projects and equipment purchases. The note bears interest at 2.41% and requires 84 monthly payments of \$5,186, consisting of principal and interest, beginning January 1, 2015. This note's maturity date is December 2021.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Obligations (Continued)

General Obligation Notes - Series of 2016 - In March 2016, the Town issued General Obligation Notes - Series of 2016, a Commercial Draw Term Note, in the amount of \$1,500,000. The proceeds of the note were used to fund several construction projects and equipment purchases. The note bears interest at 3.02% and requires payments of interest only on the principal amounts advanced for the first 9 months. Following the interest only period, bi-weekly payments consisting of principal and interest, will be made over an eighteen-year period. This note's maturity date is November 17, 2034.

The annual requirement to amortize the General Obligation Notes outstanding as of December 31, 2017, is as follows:

Year	Principal Maturity	Interest Maturity	Debt Service Payment
2018	\$ 318,939	\$ 53,432	\$ 372,371
2019	179,135	47,252	226,387
2020	184,054	42,331	226,385
2021	164,350	38,957	203,307
2022	75,433	34,270	109,703
2023-2027	413,272	135,242	548,514
2028-2032	484,367	68,365	552,732
2033-2034	200,878	5,871	206,749
	<u>\$ 2,020,428</u>	<u>\$ 425,720</u>	<u>\$ 2,446,148</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 11. Capital Lease-Purchase Obligations

The Town entered into capital leases for the acquisition of three police vehicles. The capital leases are payable in annual installments beginning January 2017, at an interest rate of 1.82% per annum.

The annual requirements for the capital lease as of December 31, 2017, are as follows:

	Amount
Machinery and equipment	\$ 117,634
Less accumulated depreciation	(35,289)
	<u>\$ 82,345</u>

The assets acquired through the capital leases are as follows:

Years	Amount
2018	\$ 40,177
2019	40,153
Total minimum lease payments	<u>80,330</u>
Less: amount representing interest	(2,159)
Total present value of net minimum lease payments	<u>\$ 78,171</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan

Plan Description

Plan Administration

The Retirement Board administers the Town of Bloomsburg Police Pension Plan (Police Pension Plan) - a single-employer defined benefit pension plan that covers all full-time Town of Bloomsburg police officers.

Plan Membership

For the 2017 measurement period, Police Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	18
	<hr/>
	<hr/>
	29

Benefits Provided

The Police Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 50% of the member's average monthly compensation during his final 36 months of employment plus a Service Increment Benefit if applicable. Plan members with 25 years of service are eligible to retire at age 50 (55 if hired after 12/31/14). All plan members are eligible for disability benefits if termination of employment as the result of a service-connected disablement. Disability retirement benefits are equal to 25% of the member's average monthly compensation during his final 36 months of employment plus an additional 2% for each year of service in excess of 15 years. Death benefits for a terminated vested member who is not killed-in-service, his spouse will receive 50% of the monthly benefit the member was scheduled to receive. Death benefits for a member who is killed-in-service, his spouse will receive a monthly benefit payable for life equal to 100% of the member's base monthly pay.

Cost-of-living adjustments to each member's retirement benefit are given each January 1 following retirement. The adjustment is a percentage of the change in the Consumer Price Index. Maximum cost-of-living is 30% of initial retirement benefit.

Contributions

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2017 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the Town average contribution rate was 24.49 percent of annual payroll.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Deposits and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Plan deposits and/or investments may not be returned to it. At December 31, 2017, the Police Pension Plan had deposits with financial institutions with a carrying amount of \$122,847. Of the December 31, 2017, balance; \$122,847 was covered by federal depository insurance and -\$0- was covered by collateralized assets maintained in conformity with Act 72 of 1971.

Investments

Method used to value investments: Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets. The Police Pension Plan categorizes its fair value measures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment policy: The Police Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2017 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	55 - 65%
International equity	5 - 10%
Fixed income	15 - 20%
Real estate/alternative	0%
Cash	15 - 20%
	<u>100%</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Investments (Continued)

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) 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 asset 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 for the 2017 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.4 - 6.4%
International equity	5.5 - 6.5%
Fixed income	1.3 - 3.3%
Real estate/alternative	4.5 - 5.5%
Cash	0.0 - 1.0%

As of December 31, 2017, the Police Pension Plan had the following investments:

Investment Type	Percent of Total	Fair Value	Investment Maturities (in years)		
			Less Than 1	1-5	6-10
<u>Debt Securities</u>					
Negotiable Certificates of Deposit	11.09%	\$ 448,489	\$ -	\$ 320,184	\$ 128,305
Municipal Bonds	1.02%	41,273	-	-	41,273
Corporate Bonds and Notes	23.95%	968,261	-	238,691	729,570
		\$ 1,458,023	\$ -	\$ 558,875	\$ 899,148
<u>Other investments</u>					
Income Mutual Funds	3.88%	\$ 156,711			
Equity Mutual Funds	17.95%	725,687			
Equity Securities	42.12%	1,702,967			
Total Investments		\$ 4,043,388			

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Investments (Continued)

The investment objective of the Police Pension Plan is to maintain a balanced portfolio comprised of various securities.

U.S. Government Agencies - The Police Pension Plan invests in Federal Home Loan Bank and Federal Farm Credit Bank bonds. The Federal Home Loan Bank bonds invest in securities to provide funds to financial institutions for home mortgage and community credit. The Federal Farm Credit Bank system is the funding arm for a network of five Farm Credit Banks and Associations. Credit is provided to farmers, ranchers, and producers of agriculture products as well as financial support to farm related businesses including power generation. These government bonds are rated AAA. The Municipal Employees Pension Plan does not currently hold any U.S. Government Agencies.

Municipal Bonds - The Police Pension Plan invests in one municipal bond issue from Trinity Area School District. The yield on this bond is 4.16% and it matures November 1, 2024.

Negotiable Certificates of Deposit - The Police Pension Plan invests in certificates of deposit through First Columbia Bank, which holds the certificates in a nominee account with a counterparty custodian for trading convenience. There are currently four certificates of deposit held in the account as of December 31, 2017. The certificates are insured by the FDIC up to \$250,000. The values of the certificates in excess of the \$250,000 FDIC limit are secured by non-government municipal securities. These certificates are subject to custodial credit risk.

Income Mutual Funds - The Police Pension Plan invests in one Income Mutual Fund: Vanguard Short-Term Investment Grade Fund (Ticker: VFSUX). As of December 31, 2017, the Vanguard Short-Term Investment Grade Fund is rated 4 stars by Morningstar and is a short-term corporate-focused fund. Minimum guidelines require that a fund has to be in existence for at least 5 years, have a Morningstar rating of at least 3 stars and have fund manager of record for a minimum of 3 years.

Equity Mutual Funds - The Police Pension Plan has seven investments in Equity Mutual Funds. Three of the funds, Dodge & Cox Fund (Ticker: DODGX) (4 star), Federated Strategic Value Dividend Fund (Ticker: SVAIX) (3 star), and the Vanguard Windsor II Fund (Ticker: VWNFX) (3 star) represent the Large Cap Value Category, and Growth Fund of America (Ticker: GFAFX) (4 star) represents the Large Cap Growth Category. The Vanguard Small Cap Index (Ticker: NAESX) (4 star), Vanguard Mid Cap Index Fund (Ticker: VIMAX) (3 star) and the Dodge & Cox International Fund (Ticker: DODFX) (3 star) represent the Small, Mid and International sectors. Ratings were obtained through Morningstar as of December 31, 2017. Minimum guidelines require that a fund must be in existence for at least 5 years, have a Morningstar rating of at least 3 stars and a fund manager of record for a minimum of 3 years.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Investments (Continued)

Common Stocks - These investments represent banking, business services, chemicals and allied products, communication, electronics, electric, gas, food, machinery, oil and gas extraction, transportation, and wholesale trade. The ratings of these common and foreign equity investments ranged from A+ to BB-. Guidelines require that no one stock exceed 5% of the total portfolio. It is the goal of the Trustee to invest in high-grade blue-chip stocks that mirror the S&P 500.

Corporate Bonds - The Police Pension Plan is invested in seventeen corporate bond issues. The investment policy statement, updated effective June 24, 2016, requires all fixed-income securities held in the portfolio shall have a Moody's and/or Standard & Poor's credit rating of no less than BBB. Guidelines require the exposure of the portfolio to any one issuer, other than securities of the U.S. Government or agencies, shall not exceed five (5%) percent of the market value of the portfolio of each account.

Interest-Rate Risk - The Police Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Plan will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Credit Risk - The Police Pension Plan has an investment policy which limits investment choices to those with specific credit ratings.

Concentration Risk - The Police Pension Plan limits that no more than 5% of the total fund value can be invested in any one corporate bond or 5% in any one stock. The Pension Committee limits the equities to no more than 50% of the value of the funds. The percentages of the concentrations of the Police Pension Plan investments are documented on the table on page 42.

Rate of Return: For the year ended December 31, 2017, the annual money-weighted rate of return on Police Pension Plan investments, net of pension plan investment expense, was 11.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability reported at December 31, 2017, was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the calendar year end. The Town reported a liability of \$2,184,957 as of December 31, 2017, related to the Police Pension Plan.

Changes in the total pension liability, plan fiduciary net position, and net pension liability for the Police Pension Plan during the current year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 6,062,753	\$ 3,749,735	\$ 2,313,018
Service cost	152,288	-	152,288
Interest	454,471	-	454,471
Changes of benefit terms	-	-	-
Differences between expected and actual experience	9,547	-	9,547
Changes of assumptions	-	-	-
Contributions - employer	-	142,999	(142,999)
Contributions - members	-	61,615	(61,615)
Contributions - state aid	-	162,090	(162,090)
Net investment income	-	407,006	(407,006)
Benefit payments, including refunds of member contributions	(316,567)	(316,567)	-
Plan administrative expenses	-	(29,343)	29,343
Other changes	-	-	-
Net changes	299,739	427,800	(128,061)
Balances at December 31, 2017	\$ 6,362,492	\$ 4,177,535	\$ 2,184,957

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Town recognized pension expense of \$206,397 related to the Police Pension Plan. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,584	\$ -
Changes in assumptions	266,322	-
Net difference between projected and actual investment earnings	92,476	128,576
	<u>\$ 418,382</u>	<u>\$ 128,576</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to Police Pension Plan will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	<u>Total</u>
2018	\$ 70,027
2019	70,027
2020	23,789
2021	31,721
2022	57,916
Thereafter	36,326
	<u>\$ 289,806</u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation for the 2017 measurement period at January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	5% (average including inflation)
Investment rate of return	7.5% (including inflation)

Mortality rates were based on the RP2000 with built in projection and Blue-Collar Adjustment.

The actuarial assumptions used in the valuation for the 2017 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

No ad hoc postemployment benefit changes were included in future liability.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 12. Police Pension Plan (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e. no depletion date is projected to occur).

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

The following presents the net pension liability of the Police Pension Plan, calculated using the discount rate of 7.5 percent, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 3,123,386	\$ 2,184,957	\$ 1,361,201

Note 13. Municipal Employees Pension Plan

Plan Description

Plan Administration

The Retirement Board administers the Town of Bloomsburg Municipal Employees Pension Plan (Municipal Employees Pension Plan) - a single-employer defined benefit pension plan that covers all employees of the Town except the Mayor, the members of Town Council, Bloomsburg Police Department consultants, engineers and solicitors are excluded from membership.

Plan Membership

For the 2017 measurement period, Municipal Employees Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	30
	47

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan (Continued)

Plan Description (Continued)

Benefits Provided

The Municipal Employees Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 1.50 percent of the member's highest 3-year average salary times the member's years of service. Plan members with 15 years of service are eligible to retire at age 60. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a Town employee. Disability retirement benefits are equal to the accrued benefit at the time of disability, actuarially reduced and payable immediately. Death benefits for a member who dies with 5 years of service will receive a monthly pension payable for 120 months, equal in amount to 100% of the member's accrued benefits. A plan member who leaves with less than 5 years of service will receive a refund of his or her contributions, plus any accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member's retirement benefit may be given. The adjustment, should the Town elect to give one, is a percentage of the change in the Consumer Price Index.

Contributions

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2017 measurement period, the active member contribution rate was 0.0 percent of annual pay, and the Town average contribution rate was 10.39 percent of annual payroll.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan

Deposits and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Municipal Employees Pension Plan deposits and/or investments may not be returned to it. At December 31, 2017, the Municipal Employees Pension Plan had deposits with financial institutions with a carrying amount of \$62,165. Of the December 31, 2017, balance \$62,165 was covered by federal depository insurance and - \$-0- was covered by collateralized assets maintained in conformity with Act 72 of 1971.

Investments

Method used to value investments: Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets. The Municipal Employees Pension Plan categorizes its fair value measures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment policy: The Municipal Employees Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2017 measurement period:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50 - 70%
International equity	0%
Fixed income	15 - 25%
Real estate/alternative	0%
Cash	15 - 25%
	<u>100%</u>

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan (Continued)

Investments (Continued)

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) 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 asset 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 for the 2017 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.4 - 6.4%
International equity	5.5 - 6.5%
Fixed income	1.3 - 3.3%
Real estate/alternative	4.5 - 5.5%
Cash	0.0 - 1.0%

As of December 31, 2017, the Municipal Employees Pension Plan had the following investments:

Investment Type	Percent of Total	Fair Value	Investment Maturities (in years)		
			Less Than 1	1-5	6-10
Debt Securities					
Negotiable Certificates of Deposit	14.49%	\$ 473,298	\$ -	\$ 355,257	\$ 118,041
Municipal Bonds	1.26%	41,273	-	-	41,273
Corporate Bonds and Notes	22.06%	720,493	-	159,116	561,377
		\$ 1,235,064	\$ -	\$ 514,373	\$ 720,691
Other investments					
Income Mutual Funds	1.78%	\$ 58,085			
Equity Mutual Funds	19.77%	645,870			
Equity Securities	40.64%	1,327,766			
Total Investments		\$ 3,266,785			

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan (Continued)

Investments (Continued)

The investment objective of the Municipal Employees Pension Plan is to maintain a balanced portfolio comprised of various securities.

U.S. Government Agencies - The Municipal Employees Pension Plan invests in Federal Home Loan Bank and Federal Farm Credit Bank bonds. The Federal Home Loan Bank bonds invest in securities to provide funds to financial institutions for home mortgage and community credit. The Federal Farm Credit Bank system is the funding arm for a network of five Farm Credit Banks and Associations. Credit is provided to farmers, ranchers, and producers of agriculture products as well as financial support to farm related businesses including power generation. These government bonds are rated AAA. The Municipal Employees Pension Plan does not currently hold any U.S. Government Agencies.

Municipal Bonds - The Municipal Employees Pension Plan invests in one municipal bond issue from Trinity Area School District. The yield on this bond is 4.16% and it matures November 1, 2024.

Negotiable Certificates of Deposit - The Municipal Employees Pension Plan invests in certificates of deposit through First Columbia Bank, which holds the certificates in a nominee account with a counterparty custodian for trading convenience. There are currently four certificates of deposit held in the account as of December 31, 2017. The certificates are insured by the FDIC up to \$250,000. The values of the certificates in excess of the \$250,000 FDIC limit are secured by non-government municipal securities. These certificates are subject to custodial credit risk.

Income Mutual Funds - The Municipal Employees Pension Plan invests in one Income Mutual Fund: Vanguard Short-Term Investment Grade Fund (Ticker: VFSUX). As of December 31, 2017, the Vanguard Short-Term Investment Grade Fund is rated 4 stars by Morningstar and is a short-term corporate-focused fund. Minimum guidelines require that a fund must be in existence for at least 5 years, have a Morningstar rating of at least 3 stars and have fund manager of record for a minimum of 3 years.

Equity Mutual Funds - The Municipal Employees Pension Plan has seven investments in Equity Mutual Funds. Three of the funds, Dodge & Cox Fund (Ticker: DODGX) (4 star), Federated Strategic Value Dividend Fund (Ticker: SVAIX) (3 star), and the Vanguard Windsor II Fund (Ticker: VWNFX) (3 star) represent the Large Cap Value Category, and Growth Fund of America (Ticker: GFAFX) (4 star) represents the Large Cap Growth Category. The Vanguard Small Cap Index (Ticker: NAESX) (4 star), Vanguard Mid Cap Index Fund (Ticker: VIMAX) (3 star) and the Dodge & Cox International Fund (Ticker: DODFX) (3 star) represent the Small, Mid and International sectors. Ratings were obtained through Morningstar as of December 31, 2017. Minimum guidelines require that a fund must be in existence for at least 5 years, have a Morningstar rating of at least 3 stars and a fund manager of record for a minimum of 3 years.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan (Continued)

Investments (Continued)

Common Stocks - These investments represent banking, business services, chemicals and allied products, communication, electronics, electric, gas, food, machinery, oil and gas extraction, transportation, and wholesale trade. The ratings of these common and foreign equity investments ranged from A+ to BB-. Guidelines require that no one stock exceed 5% of the total portfolio. It is the goal of the Trustee to invest in high-grade blue-chip stocks that mirror the S&P 500.

Corporate Bonds - The Municipal Employees Pension Plan is invested in fifteen corporate bond issues. The investment policy statement, updated effective June 24, 2016, requires all fixed-income securities held in the portfolio shall have a Moody's and/or Standard & Poor's credit rating of no less than BBB. Guidelines require the exposure of the portfolio to any one issuer, other than securities of the U.S. Government or agencies, shall not exceed five (5%) percent of the market value of the portfolio of each account.

Interest-Rate Risk - The Municipal Employees Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Municipal Employees Pension Plan will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Credit Risk - The Municipal Employees Pension Plan has an investment policy which limits investment choices to those with specific credit ratings.

Concentration Risk - The Municipal Employees Pension Plan limits that no more than 5% of the total fund value can be invested in any one corporate bond or 5% in any one stock. The Pension Committee limits the equities to no more than 50% of the value of the funds. The percentages of the concentrations of the Municipal Employees Pension Plan investments at December 31, 2017, are documented on the table on page 50.

Rate of Return - For the year ended December 31, 2017, the annual money-weighted rate of return on Municipal Employees Pension Plan investments, net of pension plan investment expense, was 10.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability reported at December 31, 2017, was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the calendar year end. The Town reported a liability of \$1,248,976 as of December 31, 2017, related to the Municipal Employees Pension Plan.

Changes in the total pension liability, plan fiduciary net position, and net pension liability for the Municipal Employees Pension Plan during the current year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 4,481,187	\$ 3,061,397	\$ 1,419,790
Service cost	108,396	-	108,396
Interest	338,371	-	338,371
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(181,738)	-	(181,738)
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - members	-	-	-
Contributions - state aid	-	136,146	(136,146)
Net investment income	-	326,379	(326,379)
Benefit payments, including refunds of member contributions	(158,816)	(158,816)	-
Plan administrative expenses	-	(26,682)	26,682
Other changes	-	-	-
Net changes	106,213	277,027	(170,814)
Balances at December 31, 2017	\$ 4,587,400	\$ 3,338,424	\$ 1,248,976

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the Town recognized pension expense of \$114,857 related to the Municipal Employees Pension Plan. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the Municipal Employees Pension Plan from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 218,300
Changes in assumptions	147,661	-
Net difference between projected and actual investment earnings	72,579	105,447
	<u>\$ 220,240</u>	<u>\$ 323,747</u>

The amounts reported as deferred outflows of resources and deferred inflows or resources related to Municipal Employees Pension Plan will be recognized in pension expense as follows:

Year Ending December 31:	Total
2018	\$ 328
2019	329
2020	(35,961)
2021	(28,440)
2022	(7,719)
Thereafter	(32,044)
	<u>\$ (103,507)</u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation for the 2017 measurement period at January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	5% (average including inflation)
Investment rate of return	7.5% (including inflation)

Mortality rates were based on the RP2000 with built in projection Mortality Table.

The actuarial assumptions used in the valuation for the 2017 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

No ad hoc postemployment benefit changes were included in future liability.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 13. Municipal Employees Pension Plan

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e. no depletion date is projected to occur).

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

The following presents the net pension liability of the Municipal Employees Pension Plan, calculated using the discount rate of 7.5 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 1,915,180	\$ 1,248,976	\$ 664,217

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Post-Employment Benefits

The Town follows GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Plan Description:

The Town of Bloomsburg provides access to retiree health benefits, including prescription drug coverage, to eligible retired employees and qualified spouses, when applicable. The plan also provides for retirement benefits as outlined in the Municipal Employee and Police Pension Plan Documents and employment contracts (for unionized employees). This is a single employer defined benefit plan administered by Hay Group, Inc., Philadelphia, Pennsylvania. Benefits are provided to all full time staff who meet the following requirements: municipal employees are eligible for early retirement upon attainment of age 60 with 15 years of service with the Town of Bloomsburg and meet normal plan eligibility requirements upon attainment of age 65 with 5 years of service with the Town of Bloomsburg; police officers are eligible for early retirement upon attainment of age 50 with 25 years of service with the Town of Bloomsburg and meet normal plan eligibility requirements upon attainment of age 65 with 12 years of service with the Town of Bloomsburg. Currently, the Municipal Employee Pension Plan has 28 members and the Police Pension Plan has 16 members. The plans do not issue separate stand-alone financial statements.

Eligibility for post-employment health insurance benefits is as follows: unionized municipal employees of the Town of Bloomsburg who retire pursuant to the terms and conditions of the Municipal Employees Pension Plan and who were hired prior to January 1, 2009, will have health insurance premiums paid by the Town of Bloomsburg for the employee only (single coverage); non-union employees who retire under the same conditions with a hire date prior to January 1, 2009, will have health insurance premiums paid by the Town of Bloomsburg (employee only coverage) but will be required to contribute an amount equivalent to one month's premium for coverage annually; police officers who retire pursuant to the terms and conditions of the Police Pension Plan and whose hire date is prior to January 1, 1993, are eligible for full medical coverage (employee and family); officers hired after January 1, 1993, and retire pursuant to the terms and conditions of the Police Pension Plan are not eligible for medical insurance paid by the Town until the retired officer reaches age 65 and goes on Medicare (or if the officer becomes eligible for Medicare at age 65). The Town will pay the cost of supplemental Medicare coverage for the officer only once they become eligible for Medicare. Retired police officers are permitted to purchase their medical insurance coverage through the Town of Bloomsburg until they become eligible for Medicare. If an officer is removed from the Town's plan for any reason, the Officer is not eligible for supplemental Medicare coverage provided by the Town of Bloomsburg. Unionized and non-union municipal employees hired after January 1, 2008, are not eligible for any post-retirement health insurance benefits.

In addition, upon retirement, police officers are eligible for a life insurance policy in the amount of \$10,000 with premiums paid by the Town of Bloomsburg.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Post-Employment Benefits (Continued)

Funding Policy:

The Town of Bloomsburg’s medical plan is insured and premiums are updated annually based on several factors determined by the plan underwriters. The Town of Bloomsburg funds payment of the full premium for all police officers and eligible retired officers. The Town of Bloomsburg funds payment of the full premium for all unionized employees of the Town. Non-union active and retired employees contribute the equivalent of one month’s premium annually, with the balance of premium funded by the Town of Bloomsburg.

Funding Progress:

For the year ended December 31, 2017, the Town has estimated the cost (annual expense) of providing retiree health, vision, and dental care benefits through an actuarial valuation as of January 1, 2015. In accordance with GASB Statement No. 45, the valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

	Municipal Employees	Police Employees	Total
Annual required contribution	\$ 146,345	\$ 199,562	\$ 345,907
Interest on Net OPEB obligation	50,456	51,357	101,813
Less adjustment to the annual required contribution	(65,655)	(66,828)	(132,483)
Annual OPEB cost	131,146	184,091	315,237
Amounts Contributed			
Payments of current premiums and claims	(31,273)	(99,213)	(130,486)
Increase in net OPEB obligation	99,873	84,878	184,751
OPEB obligation-beginning of year	1,108,997	1,112,024	2,221,021
OPEB obligation-end of year	\$ 1,208,870	\$ 1,196,902	\$ 2,405,772

The required schedule of funding progress immediately following the notes to the financial statements presents information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Post-Employment Benefits (Continued)

Annual OPEB Cost

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

Police Employees			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 185,459	51.0%	\$ 1,027,146
December 31, 2016	\$ 184,091	53.9%	\$ 1,112,024
December 31, 2017	\$ 184,091	53.9%	\$ 1,196,902

Municipal Employees			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 132,669	23.8%	\$ 1,009,124
December 31, 2016	\$ 131,146	23.9%	\$ 1,108,997
December 31, 2017	\$ 131,146	23.9%	\$ 1,208,870

Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan 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 health care cost trend. Amounts are determined regarding the funded status of the plan 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.

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 and the historical pattern of sharing of benefit costs between the employer and plan members to that point. 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 the January 1, 2015, actuarial valuation, based on the Society of Actuaries' Getzen Model, reflects the view that future increases will be constrained by the proportion of the nation's Gross Domestic Product (GDP) which is represented by the health care industry. Therefore, the annual rate of increase will have to decrease. The Projected Unit Credit cost method was used. The actuarial assumptions include using actual 2017 rate increases and a medical trend rate that starts at 5.9 percent in 2017, and declines to 3.9 percent in 2075. The projected health care costs were discounted using an interest rate of 5 percent.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 15. Related Party Transactions

During 2017, the Town recognized revenues of \$18,490, from the Municipal Authority of the Town of Bloomsburg for sewer line maintenance, sale of gasoline and diesel, cleaning services and miscellaneous revenues.

Note 16. Unexpended Grant Balance

The Town participates in a UDAG Grant Program that provided a loan to aid a local industry in updating machinery and equipment. Under the terms of the Grant, as the loan is repaid to the Town, the repaid funds are available to be reprogrammed into the Town, so long as the reprogrammed activities are eligible under Title I of the Housing and Community Development Act of 1974.

Note 17. Post-Retirement Health Care Benefits

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The costs of retiree health care benefits are expensed as paid. For the year ended December 31, 2017, those costs approximated \$118,754. Approximately \$3,981 was reimbursed to the Town by its employees.

Note 18. Deferred Compensation Plan

The Town has adopted the Pennsylvania State Association of Boroughs Deferred Compensation Plan and the 457 Deferred Compensation Plan for employees of state and local governments. Both plans have been created in accordance with Internal Revenue Code Section 457(g). The Plan, available to all Town employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and beneficiaries under the Plan. Participants' rights under the plans are equal to an amount equal to the fair market value of the deferred account for each participant.

Note 19. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

TOWN OF BLOOMSBURG

NOTES TO FINANCIAL STATEMENTS

Note 20. Non-Major Funds

The following funds are reported as non-major governmental funds:

Special Revenue Funds

The State Liquid Fuels Highway Aid Fund provides for the accountability for grants received from the State Motor License Fund. Costs paid by this fund must be related to the construction, reconstruction, repair and maintenance of the Town's streets, roads and bridges.

The Community Development Block Grant (CDBG) Program Income Fund, a special revenue fund, accounts for the income derived from rehabilitation loans.

The CDBG Disaster Recovery Fund, a special revenue fund, accounts for grants received from the Federal government under the Community Development Block Grant Program for improvements of flood and drainage facilities and sidewalks.

The CDBG Entitlement Program Fund accounts for grants received from the Federal government under the Community Development Block Grant Program for various improvements to the Town.

The Home Program Fund, a special revenue fund, accounts for grants received from the Federal government under the Community Development Block Grant Program for rehabilitation of homes in the Town.

The Fire Fund, a special revenue fund, accounts for additional monies collected from Fire Fund millage to be used for future fire purchases or payments. Additionally, this fund accounts for the 2014 issuance of a General Obligation Note in the amount of \$350,000, which was used towards the purchase of a fire truck in 2014.

The Library Fund accounts for the receipt of tax monies from a special millage designated for support of the Bloomsburg Public Library.

The Street Lighting Fund accounts for the receipt of tax monies from a special millage designated for support of the Town's street lights.

Capital Projects Funds

The Capital Projects Fund was established to account for new construction projects contemplated by the Town. Formula budgets are not prepared for the various projects.

Note 21. Contingencies

The Town is exposed to various liability claims and potential litigation arising from normal operations. The Town maintains customary business insurance policies designed to limit the financial impact of such matters.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLOOMSBURG

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property	\$ 1,447,210	\$ 1,447,210	\$ 1,383,754	\$ (63,456)
Local enabling act taxes	1,865,000	1,865,000	1,939,972	74,972
Licenses and permits	131,475	131,475	103,683	(27,792)
Fines	691,000	691,000	777,718	86,718
Investment income	4,721	4,721	18,356	13,635
Rents	34,464	34,464	38,064	3,600
Intergovernmental revenue	1,881,010	1,881,010	1,025,550	(855,460)
Charges for services	548,700	548,700	639,862	91,162
Miscellaneous income	64,002	64,002	168,891	104,889
Total revenues	6,667,582	6,667,582	6,095,850	(571,732)
Expenditures				
Current				
General government	1,269,247	1,347,849	1,231,558	116,291
Public safety	2,889,177	2,823,766	2,628,467	195,299
Public works	2,774,858	2,761,667	1,210,416	1,551,251
Culture and recreation	35,175	35,175	34,268	907
Community development	7,457	7,457	16,102	(8,645)
Debt Service				
Principal	39,330	39,330	39,463	(133)
Interest	910	910	714	196
Capital outlay				
General government	-	-	154,570	(154,570)
Public safety	-	-	30,429	(30,429)
Public works	-	-	553,476	(553,476)
Total expenditures	7,016,154	7,016,154	5,899,463	1,700,596
Excess (deficiency) of revenues over expenditures	(348,572)	(348,572)	196,387	544,959
Other Financing Sources (Uses)				
Operating transfers in	101,000	101,000	104,483	3,483
Operating transfers out	(206,708)	(206,708)	(39,348)	167,360
Total other financing sources (uses) - net	(105,708)	(105,708)	65,135	170,843
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (454,280)	\$ (454,280)	261,522	\$ 715,802
Fund Balances - January 1, 2017			1,672,820	
Fund Balances - December 31, 2017			<u>\$ 1,934,342</u>	

TOWN OF BLOOMSBURG

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended December 31, 2017**

Police Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/2011	\$ -	\$ 3,086,961	\$ 3,086,961	0.00%	\$ -	0.00%
1/1/2013	\$ -	\$ 2,672,941	\$ 2,672,941	0.00%	\$ -	0.00%
1/1/2015	\$ -	\$ 2,240,219	\$ 2,240,219	0.00%	\$ -	0.00%

Municipal Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/2011	\$ -	\$ 1,706,549	\$ 1,706,549	0.00%	\$ -	0.00%
1/1/2013	\$ -	\$ 1,871,553	\$ 1,871,553	0.00%	\$ -	0.00%
1/1/2015	\$ -	\$ 1,494,629	\$ 1,494,629	0.00%	\$ -	0.00%

TOWN OF BLOOMSBURG

SCHEDULES OF CHANGES IN THE POLICE PENSION PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

Year Ended December 31,

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 152,288	\$ 134,190	\$ 134,190
Interest	454,471	434,225	416,655
Changes of benefit terms	-	-	-
Differences between expected and actual experience	9,547	-	78,698
Changes of assumptions	-	-	408,993
Benefit payments, including refunds of member contributions	(316,567)	(316,567)	(316,567)
Net Change in Total Pension Liability	<u>299,739</u>	<u>251,848</u>	<u>721,969</u>
Total pension liability, beginning	6,062,753	5,810,905	5,088,936
Total pension liability, ending (a)	<u>\$ 6,362,492</u>	<u>\$ 6,062,753</u>	<u>\$ 5,810,905</u>
Plan Fiduciary Net Position			
Contributions, employer	\$ 142,999	\$ 148,654	\$ -
Contributions, member	61,615	50,853	45,986
Contributions, state aid	162,090	155,163	205,948
Net investment income	407,006	292,567	20,504
Benefit payments, including refunds of members contributions	(316,567)	(316,567)	(316,567)
Administrative expense	(29,343)	(21,651)	(21,851)
Other	-	459	6,743
Net Change in Plan Fiduciary Net Position	<u>427,800</u>	<u>309,478</u>	<u>(59,237)</u>
Plan fiduciary net position, beginning	3,749,735	3,440,257	3,499,494
Plan fiduciary net position, ending (b)	<u>\$ 4,177,535</u>	<u>\$ 3,749,735</u>	<u>\$ 3,440,257</u>
Net pension liability, ending (a)-(b)	<u>\$ 2,184,957</u>	<u>\$ 2,313,018</u>	<u>\$ 2,370,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>65.66%</u>	<u>61.85%</u>	<u>59.20%</u>
Covered-Employee Payroll	<u>\$ 1,245,589</u>	<u>\$ 1,096,472</u>	<u>\$ 1,044,259</u>
Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>175.42%</u>	<u>210.95%</u>	<u>227.02%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

TOWN OF BLOOMSBURG

**SCHEDULES OF CHANGES IN THE MUNICIPAL EMPLOYEES PENSION PLAN'S
NET PENSION LIABILITY AND RELATED RATIOS**

Year Ended December 31,

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 108,396	\$ 117,430	\$ 117,430
Interest	338,371	317,477	298,807
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(181,738)	-	(77,124)
Changes of assumptions	-	-	203,734
Benefit payments, including refunds of member contributions	(158,816)	(136,164)	(197,354)
Net Change in Total Pension Liability	<u>106,213</u>	<u>298,743</u>	<u>345,493</u>
Total pension liability, beginning	4,481,187	4,182,444	3,836,951
Total pension liability, ending (a)	<u>\$ 4,587,400</u>	<u>\$ 4,481,187</u>	<u>\$ 4,182,444</u>
Plan Fiduciary Net Position			
Contributions, employer	\$ -	\$ -	\$ -
Contributions, member	-	-	-
Contributions, state aid	136,146	137,938	194,173
Net investment income	326,379	244,451	23,110
Benefit payments, including refunds of members contributions	(158,816)	(136,164)	(197,354)
Administrative expense	(26,682)	(19,408)	(19,471)
Other	-	252	-
Net Change in Plan Fiduciary Net Position	<u>277,027</u>	<u>227,069</u>	<u>458</u>
Plan fiduciary net position, beginning	3,061,397	2,834,328	2,833,870
Plan fiduciary net position, ending (b)	<u>\$ 3,338,424</u>	<u>\$ 3,061,397</u>	<u>\$ 2,834,328</u>
Net pension liability, ending (a)-(b)	<u>\$ 1,248,976</u>	<u>\$ 1,419,790</u>	<u>\$ 1,348,116</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.77%</u>	<u>68.32%</u>	<u>67.77%</u>
Covered-Employee Payroll	<u>\$ 1,309,872</u>	<u>\$ 1,500,602</u>	<u>\$ 1,435,983</u>
Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>95.35%</u>	<u>94.61%</u>	<u>93.88%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

TOWN OF BLOOMSBURG

SCHEDULES OF POLICE PENSION PLAN CONTRIBUTIONS

Year Ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 305,089	\$ 303,817	\$ 205,948
Contributions in Relation to the Actuarially Determined Contribution	<u>305,089</u>	<u>304,276</u>	<u>212,691</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (459)</u>	<u>\$ (6,743)</u>
Covered-Employee Payroll	<u>\$ 1,245,589</u>	<u>\$ 1,096,472</u>	<u>\$ 1,044,249</u>
Contribution as a Percentage of Covered-Employee Payroll	<u>24.49%</u>	<u>27.75%</u>	<u>20.37%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

TOWN OF BLOOMSBURG

SCHEDULES OF MUNICIPAL EMPLOYEES PENSION PLAN CONTRIBUTIONS

Year Ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 136,146	\$ 137,938	\$ 194,173
Contributions in Relation to the Actuarially Determined Contribution	<u>136,146</u>	<u>138,190</u>	<u>194,173</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (252)</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 1,309,872</u>	<u>\$ 1,500,602</u>	<u>\$ 1,435,983</u>
Contribution as a Percentage of Covered-Employee Payroll	<u>10.39%</u>	<u>9.21%</u>	<u>13.52%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

TOWN OF BLOOMSBURG

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - POLICE PENSION PLAN

Year Ended December 31, 2017

Valuation Date January 1, 2017

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization method	18 years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	5.0% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 60 or 50 with 25 years' service
Mortality	RP2000 with built in projection and Blue Collar Adjustment

TOWN OF BLOOMSBURG

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - MUNICIPAL EMPLOYEES PENSION PLAN
Year Ended December 31, 2017

Valuation Date January 1, 2017

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization method	17 years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	4.5% average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 65 or 60 with 15 years' service
Mortality	RP2000 with built in projection Mortality Table

TOWN OF BLOOMSBURG

SCHEDULES OF POLICE PENSION PLAN INVESTMENT RETURNS

Years Ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>11.20%</u>	<u>2.54%</u>	<u>NA</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

TOWN OF BLOOMSBURG

SCHEDULES OF MUNICIPAL EMPLOYEES PENSION PLAN INVESTMENT RETURNS

Years Ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>10.93%</u>	<u>2.68%</u>	<u>NA</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

SUPPLEMENTARY INFORMATION

TOWN OF BLOOMSBURG

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Capital Projects Fund	Non-Major Special Revenue Funds	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,890	\$ 302,225	\$ 307,115
Receivables	-	414,668	414,668
Prepaid expenses	-	12,444	12,444
Total assets	\$ 4,890	\$ 729,337	\$ 734,227
Liabilities			
Due to other funds	\$ -	\$ 301,833	\$ 301,833
Accounts payable	-	23,824	23,824
Unearned revenues	-	4,266	4,266
Total liabilities	-	329,923	329,923
Deferred Inflows of Resources			
Property taxes receivable	-	23,950	23,950
Total deferred inflows of resources	-	23,950	23,950
Fund Balances			
Nonspendable	-	12,444	12,444
Restricted for:			
Program expenditures	-	363,020	363,020
Committed for:			
Capital projects	4,890	-	4,890
Total fund balances	4,890	375,464	380,354
Total liabilities, deferred inflows of resources and fund balances	\$ 4,890	\$ 729,337	\$ 734,227

TOWN OF BLOOMSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	Capital Projects Fund	Non-Major Special Revenue Funds	Non-Major Governmental Funds
Revenues			
Property taxes	\$ -	\$ 176,795	\$ 176,795
Investment income	1	9,592	9,593
Intergovernmental revenue	-	973,733	973,733
Total revenues	1	1,162,320	1,162,321
Expenditures			
Current			
General government	-	58,276	58,276
Public safety	-	120,774	120,774
Public works	-	125,278	125,278
Culture and recreation	-	194,022	194,022
Debt service			
Principal	-	122,216	122,216
Interest	-	7,375	7,375
Capital outlay			
Public works	-	612,637	612,637
Total expenditures	-	1,240,578	1,240,578
Excess (deficiency) of revenues over expenditures	1	(78,258)	(78,257)
Other Financing Sources (Uses)			
Operating transfers out	-	(78,483)	(78,483)
Total other financing uses - net	-	(78,483)	(78,483)
Net changes in fund balances	1	(156,741)	(156,740)
Fund Balances - January 1, 2017	4,889	532,205	537,094
Fund Balances - December 31, 2017	\$ 4,890	\$ 375,464	\$ 380,354

TOWN OF BLOOMSBURG

COMBINING BALANCE SHEET - NON-MAJOR
SPECIAL REVENUE FUNDS
December 31, 2017

	State Liquid Fuels Highway Aid	CDBG Program Income	CDBG Disaster Recovery Fund	CDBG Entitlement Program Fund	Home Program Fund	Fire	Library	Street Lighting	Total
Assets									
Cash and cash equivalents	\$ 88,738	\$ 98,349	\$ 1	\$ 1	\$ 6	\$ 80,325	\$ 4,044	\$ 30,761	\$ 302,225
Receivables	-	118,700	190,819	72,983	4,700	7,210	3,093	17,163	414,668
Prepaid expenses	-	-	-	-	-	12,444	-	-	12,444
Total assets	\$ 88,738	\$ 217,049	\$ 190,820	\$ 72,984	\$ 4,706	\$ 99,979	\$ 7,137	\$ 47,924	\$ 729,337
Liabilities									
Due to other funds	\$ -	\$ -	\$ 190,819	\$ 72,984	\$ 1	\$ 27,117	\$ 4,043	\$ 6,869	\$ 301,833
Accounts payable	7,717	-	-	-	4,700	11,407	-	-	23,824
Unearned revenues	-	4,266	-	-	-	-	-	-	4,266
Total liabilities	7,717	4,266	190,819	72,984	4,701	38,524	4,043	6,869	329,923
Deferred Inflows of Resources									
Property taxes receivable	-	-	-	-	-	7,061	2,606	14,283	23,950
Total deferred inflows of resources	-	-	-	-	-	7,061	2,606	14,283	23,950
Fund Balances									
Nonspendable	-	-	-	-	-	12,444	-	-	12,444
Restricted for program expenditures	81,021	212,783	1	-	5	41,950	488	26,772	363,020
Total fund balances	81,021	212,783	1	-	5	54,394	488	26,772	375,464
Total liabilities, deferred inflows of resources and fund balances	\$ 88,738	\$ 217,049	\$ 190,820	\$ 72,984	\$ 4,706	\$ 99,979	\$ 7,137	\$ 47,924	\$ 729,337

TOWN OF BLOOMSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS

Year Ended December 31, 2017

	State Liquid Fuels Highway Aid	CDBG Program Income	CDBG Disaster Recovery Fund	CDBG Entitlement Program Fund	Home Program Fund	Fire	Library	Street Lighting	Total
Revenues									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,338	\$ 24,759	\$ 147,698	\$ 176,795
Investment income	154	7,408	-	-	3	1,480	2	545	9,592
Intergovernmental revenue	380,963	-	281,581	122,698	178,491	10,000	-	-	973,733
Miscellaneous income	-	-	-	-	-	2,200	-	-	2,200
Total revenues	381,117	7,408	281,581	122,698	178,494	18,018	24,761	148,243	1,162,320
Expenditures									
Current									
General government	-	-	-	35,294	22,982	-	-	-	58,276
Public safety	-	-	-	-	-	120,774	-	-	120,774
Public works	54,207	-	-	8,183	-	-	-	62,888	125,278
Culture and recreation	-	13,548	-	-	155,509	-	24,965	-	194,022
Debt service									
Principal	-	-	-	-	-	49,342	-	72,874	122,216
Interest	-	-	-	-	-	5,111	-	2,264	7,375
Capital outlay									
Public works	251,835	-	281,581	79,221	-	-	-	-	612,637
Total expenditures	306,042	13,548	281,581	122,698	178,491	175,227	24,965	138,026	1,240,578
Excess (deficiency) of revenues over expenditures	75,075	(6,140)	-	-	3	(157,209)	(204)	10,217	(78,258)
Other Financing Sources (Uses)									
Operating transfers out	(78,483)	-	-	-	-	-	-	-	(78,483)
Total other financing uses - net	(78,483)	-	-	-	-	-	-	-	(78,483)
Net changes in fund balances	(3,408)	(6,140)	-	-	3	(157,209)	(204)	10,217	(156,741)
Fund Balances - January 1, 2017	84,429	218,923	1	-	2	211,603	692	16,555	532,205
Fund Balances - December 31, 2017	\$ 81,021	\$ 212,783	\$ 1	\$ -	\$ 5	\$ 54,394	\$ 488	\$ 26,772	\$ 375,464

TOWN OF BLOOMSBURG

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - ANNUALLY-BUDGETED SPECIAL REVENUE FUNDS
Year Ended December 31, 2017

	State Liquid Fuels Highway Aid			Library		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 23,780	\$ 24,759	\$ 979
Investment income	200	154	(46)	5	2	(3)
Intergovernmental revenue	372,960	380,963	8,003	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	373,160	381,117	7,957	23,785	24,761	976
Expenditures						
Current						
Public safety	-	-	-	-	-	-
Public works	298,160	54,207	243,953	-	-	-
Culture and recreation	-	-	-	23,785	24,965	(1,180)
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay						
Public works	-	251,835	(251,835)	-	-	-
Total expenditures	298,160	306,042	(7,882)	23,785	24,965	(1,180)
Excess (deficiency) of revenues over expenditures	75,000	75,075	75	-	(204)	(204)
Other Financing Sources (Uses)						
Operating transfers out	(75,000)	(78,483)	(3,483)	-	-	-
Total other financing sources (uses) - net	(75,000)	(78,483)	(3,483)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (3,408)	\$ (3,408)	\$ -	\$ (204)	\$ (204)

Fire			Street Lighting		
Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 4,338	\$ 4,338	\$ 156,700	\$ 147,698	\$ (9,002)
100	1,480	1,380	50	545	495
10,000	10,000	-	-	-	-
-	2,200	2,200	-	-	-
10,100	18,018	7,918	156,750	148,243	(8,507)
126,510	120,774	5,736	-	-	-
-	-	-	86,000	62,888	23,112
-	-	-	-	-	-
49,340	49,342	(2)	72,875	72,874	1
5,114	5,111	3	2,265	2,264	1
-	-	-	-	-	-
180,964	175,227	5,737	161,140	138,026	23,114
(170,864)	(157,209)	13,655	(4,390)	10,217	14,607
-	-	-	-	-	-
-	-	-	-	-	-
\$ (170,864)	\$ (157,209)	\$ 13,655	\$ (4,390)	\$ 10,217	\$ 14,607

TOWN OF BLOOMSBURG

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - ANNUALLY-BUDGETED DEBT SERVICE FUNDS
Year Ended December 31, 2017

	General Debt Service			Day Care Debt Service		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property taxes	\$ 196,320	\$ 185,172	\$ (11,148)	\$ -	\$ -	\$ -
Investment income	400	3,196	2,796	15	12	(3)
Rents	-	-	-	39,410	32,997	(6,413)
Miscellaneous revenue	-	-	-	-	6,413	6,413
Total revenues	196,720	188,368	(8,352)	39,425	39,422	(3)
Expenditures						
General government	-	-	-	4,460	12,050	(7,590)
Public safety	1,500,000	-	1,500,000	-	-	-
Debt service						
Principal	186,392	165,742	20,650	30,466	30,465	1
Interest	52,705	40,999	11,706	947	946	1
Capital outlay						
General government	-	315,910	(315,910)	-	-	-
Public safety	-	636,147	(636,147)	-	-	-
Total expenditures	1,739,097	1,158,798	580,299	35,873	43,461	(7,588)
Excess (deficiency) of revenues over expenditures	(1,542,377)	(970,430)	571,947	3,552	(4,039)	(7,591)
Other Financing Sources (Uses)						
Proceeds from long-term debt	1,500,000	1,146,337	353,663	-	-	-
Total other financing sources (uses) - net	1,500,000	1,146,337	353,663	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (42,377)	\$ 175,907	\$ 218,284	\$ 3,552	\$ (4,039)	\$ (7,591)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of Town Council
Town of Bloomsburg
Bloomsburg, Pennsylvania

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bloomsburg as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Bloomsburg's basic financial statements and have issued our report thereon dated April 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bloomsburg's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bloomsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bloomsburg's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bloomsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
April 12, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of Town Council
Town of Bloomsburg
Bloomsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Town of Bloomsburg's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Bloomsburg's major programs for the year ended December 31, 2017. The Town of Bloomsburg's major federal program is identified in the summary of auditor's results section in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bloomsburg's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Bloomsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Bloomsburg's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Bloomsburg complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the Town of Bloomsburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bloomsburg's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bloomsburg's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is positioned in the lower right quadrant of the page.

Camp Hill, Pennsylvania
April 12, 2018

TOWN OF BLOOMSBURG
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I -- Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major programs:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

TOWN OF BLOOMSBURG
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

Identification of the major program:

CFDA Number(s)	Name of Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between
type A and type B programs \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There was no compliance findings relating to the financial statement audit required to be reported.

Section III -- Federal Award Findings and Questioned Costs

A. Significant Deficiency(ies) in Internal Control

There were no significant deficiencies in internal controls relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

TOWN OF BLOOMSBURG

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received in Fiscal Year	Accrued Revenue at 1/1/2017	Revenue Recognized	Expenditures	Passed through to Subrecipients	Accrued Revenue at 12/31/2017
U. S. Department of Housing and Urban Development:										
Community Development Block Grant	14.228		16-21	\$ 241,797	\$ 34,946	\$ -	\$ 107,930	\$ 107,930	\$ -	\$ 72,984
Passed through the Pennsylvania Department of Community and Economic Development										
Community Development Block Grant	14.228	C000056516	13-18	\$ 1,470,473	90,762	-	281,581	281,581	-	190,819
Community Development Block Grant	14.228	C000060647	15-20	\$ 168,139	10,628	9,490	1,138	1,138	-	-
Community Development Block Grant	14.228	C000062631	16-21	\$ 167,583	99,861	86,231	13,630	13,630	-	-
					236,197	95,721	404,279	404,279	-	263,803
Home Investment Partnership Program	14.239	C000058723	14-18	\$ 1,000,000	182,949	9,158	178,491	178,491	-	4,700
Total U.S. Department of Housing and Urban Development					419,146	104,879	582,770	582,770	-	268,503
U. S. Department of Justice										
Passed through the Bureau of Justice Assistance										
Bulletproof Vest Partnership Program	16.607		2017	\$ 1,391	-	-	1,391	1,391	-	1,391
Total U.S. Department of Justice					-	-	1,391	1,391	-	1,391

(Continued)

TOWN OF BLOOMSBURG

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received in Fiscal Year	Accrued Revenue at 1/1/2017	Revenue Recognized	Expenditures	Passed through to Subrecipients	Accrued Revenue at 12/31/2017
U. S. Department of Transportation										
Passed through the Pennsylvania Department of Transportation										
Highway Planning and Construction Cluster										
Highway Planning and Construction	20.205	R15030016	2017	\$ 459,600	437,705	-	457,207	457,207	-	19,502
Highway Planning and Construction	20.205	R15030018	2017	\$ 350,000	-	-	12,894	12,894	-	12,894
Total Highway Planning and Construction Cluster					437,705	-	470,101	470,101	-	32,396
Airport Improvement Program	20.106	C246000690	16-18	\$ 266,579	77,369	51,579	100,220	100,220	-	74,430
Total U.S. Department of Transportation					515,074	51,579	570,321	570,321	-	106,826
U. S. Department of Homeland Security										
Passed through the Pennsylvania Emergency Management Agency										
Hazard Mitigation Grant	97.039	N/A	12-17	\$ 1,259,318	38,507	-	38,507	38,507	-	-
Total U.S. Department of Homeland Security					38,507	-	38,507	38,507	-	-
Total Expenditures of Federal Awards					\$ 972,727	\$ 156,458	\$ 1,192,989	\$ 1,192,989	\$ -	\$ 376,720

See Notes to Schedule of Expenditures of Federal Awards.

TOWN OF BLOOMSBURG

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF BLOOMSBURG

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended December 31, 2017

There were no prior year audit findings.