

BOROUGH OF AMBLER

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF AMBLER
DIRECTORY**

MAYOR

Jeanne Sorg

(Term expires January 1, 2018)

MEMBERS OF BOROUGH COUNCIL

(Terms expire January 1, 2016)

Salvatore Pasceri

Frank DeRuosi

Peter Amento

Claudio Zaccone

(Terms expire January 1, 2018)

Sharon McCormick

Richard Palumbo

Ed Curtis

Jonathan Sheward

Nancy Deininger

OFFICERS

Salvatore Pasceri

Peter Amento

Marita Bondi

President of Council

Vice President

Treasurer

BOROUGH MANAGER

Mary Aversa

FINANCE MANAGER

Gail Gordon

TAX COLLECTOR

Bernadette Dougherty

SOLICITOR

Joseph E. Bresnan

ACCOUNTANTS

CliftonLarsonAllen LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Borough Council
Borough of Ambler
Ambler, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ambler (Pennsylvania), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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, each major fund, and the aggregate remaining fund information of the Borough of Ambler as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 the management’s discussion and analysis, schedules of pension and OPEB funding progress and employer contributions, and budgetary comparison information on pages 3-11 and 55-65 are 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 Borough of Ambler’s basic financial statements. The combining nonmajor fund financial statements and schedules, combining schedules of fiduciary funds and schedule of liened property taxes receivable on pages 66-72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedules, combining schedules of fiduciary funds and schedule of liened property taxes receivable 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 nonmajor fund financial statements, schedules and budgetary comparison information, combining schedules of fiduciary funds and schedule of liened property taxes receivable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 14, 2015

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)

This section of Ambler Borough's annual financial report presents our discussion and analysis of the Borough's financial performance during the fiscal year that ended on December 31, 2014.

Our discussion and analysis of Ambler Borough's financial performance provides an overview of the Borough's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Borough's financial statements, which begin with the statement of net position.

Financial Highlights

- The assets of the Borough exceeded its liabilities by \$11,366,714 (net position).

- The Borough's total net position increased by \$709,775.

Overview of the Financial Statements

The Borough's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Borough. The components of the report include the independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and not required supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Borough's financial position.

Management's discussion and analysis (MD&A), prepared by the Borough's management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statement of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Borough.

- The statement of net position focuses on resources available for future operations. This statement presents a snapshot view of the assets the Borough owns, the liabilities it owes and the net difference.

- The statement of activities focuses on gross and net costs of the Borough programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)

Overview of the Financial Statements (Continued)

- Fund financial statements focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Borough's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the Borough's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Funds represent the Borough's Sanitary Sewer and Water Funds and can be found in more detail beginning with the statement of net position, Proprietary Fund. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Borough's Fiduciary Funds consist of the Pension Funds. Fiduciary Funds are not reflected in the governmental-wide statements because the Borough cannot use these assets to finance its operations.

- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Borough's financial condition.

Other required supplementary information is additional information consisting of budgetary comparisons for the General Fund and Highway fund and pension plan funding progress.

Other supplementary information consists of the combining statements of Other Non-Major Governmental Funds, other budgetary information, combining statements of Fiduciary Funds and the schedule of liened property taxes receivable.

Reporting the Borough as a Whole

Statement of Net Position and Statement of Activities:

Our analysis of the Borough as a whole begins with the statement of net position. One of the most important questions asked about the Borough's finances is, "Is the Borough as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Borough as a whole and about its activities in a way that helps answer this question. In these statements, we divide the Borough into two kinds of activities.

- **Governmental Activities** – Most of the Borough's basic services are reported here, including police, public works, safety and codes, parks and recreation and administration. Real Estate, Business and Earned Income Taxes, fees and charges and grants finance most of these activities.

- **Business-Type Activities** – The Borough charges a fee to customers to cover the cost of certain services it provides. The Borough's Sanitary Sewer and the Water Fund are reported here.

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

Reporting the Borough as a Whole (Continued)

Statement of Net Position and Statement of Activities (Continued):

The analysis below focuses on the net position of the Borough's governmental and business-type activities.

**Condensed Statement of Net Position
December 31, 2014**

	2014			2013
	Governmental Activities	Business-type Activities	Total Primary Governmental	
ASSETS				
Current and Other Assets	\$ 4,431,624	\$ 326,668	\$ 4,758,292	\$ 5,585,443
Capital Assets	6,515,271	7,763,406	14,278,677	13,595,015
Total Assets	<u>10,946,895</u>	<u>8,090,074</u>	<u>19,036,969</u>	<u>19,180,458</u>
LIABILITIES				
Other Liabilities	3,007,212	256,027	3,263,239	3,960,263
Long-term Debt Outstanding	1,902,354	2,504,662	4,407,016	4,563,256
Total Liabilities	<u>4,909,566</u>	<u>2,760,689</u>	<u>7,670,255</u>	<u>8,523,519</u>
NET POSITION				
Net Investment in Capital Assets	4,612,917	5,258,744	9,871,661	9,002,732
Restricted	1,565,137	-	1,565,137	1,771,641
Unrestricted	(140,725)	70,641	(70,084)	(117,434)
Total Net Position	<u>\$ 6,037,329</u>	<u>\$ 5,329,385</u>	<u>\$ 11,366,714</u>	<u>\$ 10,656,939</u>

The largest portion of the Borough's governmental assets, 76%, is reflected in its investment in capital asset (e.g. land, buildings and recreation equipment). The Borough uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Assets in the business-type activities column reflect the Borough's investment in its Sanitary Sewer System and Water System. The Borough's Water System services parts of 4 municipalities in addition to the Borough.

Total revenues exceeded total expenses by \$470,431 and \$239,344 for governmental activities and business-type activities, respectively.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)

Reporting the Borough as a Whole (Continued)

Government-Wide Activities:

The Borough generates governmental (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund) revenues from a variety of sources. Total general revenue for governmental activities for fiscal 2014 was \$3,819,137. General revenues by source were as follows:

<u>General Revenues</u>	2014		2013	
	Amount	% of Total	Amount	% of Total
Property Taxes	\$ 1,940,117	50.81	\$ 1,872,148	53.02
Earned Income Tax	796,483	20.86	1,007,959	28.54
Business Privilege Tax	513,839	13.45	-	0.00
Emergency Municipal Service Tax	98,263	2.57	123,175	3.49
State Motor Vehicle Fuel Tax	122,496	3.21	113,655	3.22
Deed Transfer Tax	95,119	2.49	112,242	3.18
Public Utility Realty Tax	3,527	0.09	3,521	0.10
Investment Earnings	31,140	0.82	46,791	1.33
Miscellaneous	218,153	5.71	251,753	7.13
Total General Revenues and Other Items	<u>\$ 3,819,137</u>	<u>100 %</u>	<u>\$ 3,531,244</u>	<u>100 %</u>

The Borough's governmental programs (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund)) consist of 8 operating departments to include police (protection to persons and property), planning commission, health and sanitation, highways, street lighting, fire protection, recreation and administration. Total expenditures, net of program revenues, for fiscal 2014 were \$3,348,706. Expenditures (Net of Program Revenues) by source were as follows:

	2014	2013
General	\$ 86,339	\$ 191,042
Tax Collection	11,533	11,053
Borough Office	45,960	11,964
Police (Protection to Persons and Property)	2,217,491	2,136,021
Planning Commission	28,604	29,836
Health and Sanitation	(107,644)	(151,809)
Highways	551,901	455,559
Street Lighting	90,697	84,195
Fire Protection	110,026	110,518
Recreation	76,673	106,406
Revitalization	-	34,376
Depreciation	237,126	169,665
Total Governmental Activities	<u>\$ 3,348,706</u>	<u>\$ 3,188,826</u>
Change in Net Position (Governmental Activities)	<u>\$ 470,431</u>	<u>\$ 342,418</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

Reporting the Borough as a Whole (Continued)

Government-Wide Activities (Continued):

The Borough's proprietary funds (water fund and sewer fund) total revenue and expenditures, net of program revenues, were as follows:

<u>General Revenues</u>	<u>2014</u>	<u>2013</u>
Investment Earnings	\$ 11,108	\$ 8,814
Miscellaneous	<u>148,093</u>	<u>235,488</u>
Total General Revenues, Transfers and Other Items	<u>\$ 159,201</u>	<u>\$ 244,302</u>
<u>Charges for Services Net of Program Revenues</u>	<u>2014</u>	<u>2013</u>
Water	\$ 14,126	\$ 274,595
Sewer	<u>(94,269)</u>	<u>88,811</u>
Total Business-Type Activities	<u>\$ (80,143)</u>	<u>\$ 363,406</u>
Change in Net Position (Business-Type Activities)	<u>\$ 239,344</u>	<u>\$ 119,104</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

Reporting the Borough as a Whole (Continued)

Government-Wide Activities (Continued):

**CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014**

	2014			2013
	Governmental Activities	Business-Type Activities	Total Primary Governmental	
REVENUES				
Program Revenues:				
Charges for Services	\$ 992,149	\$ 3,101,121	\$ 4,093,270	\$ 4,083,617
Operating Grants and Contributions	214,315	-	214,315	49,773
General Revenues:				
Property Taxes	1,940,117	-	1,940,117	1,872,148
Other Taxes	1,629,727	-	1,629,727	1,360,552
Investment Income	31,140	11,108	42,248	55,605
Miscellaneous	218,153	148,093	366,246	487,241
Total Revenues	<u>5,025,601</u>	<u>3,260,322</u>	<u>8,285,923</u>	<u>7,908,936</u>
EXPENSES				
Operating	-	2,564,772	2,564,772	3,033,628
General	431,761	-	431,761	392,368
Tax Collection	11,533	-	11,533	11,053
Borough Office	45,960	-	45,960	11,964
Police (Protection to Persons and Property)	2,255,716	-	2,255,716	2,186,656
Planning Commission	145,322	-	145,322	115,754
Health and Sanitation	536,450	-	536,450	488,459
Highways	551,901	-	551,901	455,559
Street Lighting	90,697	-	90,697	84,195
Fire Protection	172,031	-	172,031	158,994
Recreation	76,673	-	76,673	106,406
Revitalization	-	-	-	35,673
Depreciation	237,126	342,182	579,308	505,589
Interest	-	114,024	114,024	99,324
Total Expenses	<u>4,555,170</u>	<u>3,020,978</u>	<u>7,576,148</u>	<u>7,685,622</u>
CHANGES IN NET POSITION	470,431	239,344	709,775	223,314
Net Position - Beginning of Year	<u>5,566,898</u>	<u>5,090,041</u>	<u>10,656,939</u>	<u>10,433,625</u>
NET POSITION - END OF YEAR	<u>\$ 6,037,329</u>	<u>\$ 5,329,385</u>	<u>\$ 11,366,714</u>	<u>\$ 10,656,939</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

Financial Analysis

Governmental Funds:

General Fund – The \$215,545 net change in fund balance was due mostly to Business Privilege Taxes recognized in the current year.

Proprietary Funds:

Water Fund – The \$58,163 excess of revenues over expenditures was primarily due to management's diligent effort to reduce expenditures.

Sewer Fund – The \$181,181 excess of revenues over expenditures was primarily due to reduced costs to the treatment plant.

Revenue Budgetary Highlights (as noted in general fund budget and actual schedules on pages 60-64)

\$ 642,300 *Tax revenues were higher than budgeted due to higher than expected Business Privilege Tax revenue.*

\$ (523,334) *Fines, Forfeits, and Costs were lower than the budget due to some grants not received as anticipated.*

Expense Budgetary Highlights

\$ 529,460 *Highway expenses were more than budgeted due mainly to the parking lot paving project being completed in the current year.*

\$ (611,946) *Miscellaneous expenses were less than budgeted due to several revitalization and redevelopment projects not completed.*

Capital Assets and Debt Administration

Capital Assets:

Ambler Borough's capital assets for its governmental and business-type activities as of December 31, 2014 totals \$14,278,677 (net of accumulated depreciation). Borough capital assets include land, infrastructure, site improvements, buildings and machinery and equipment.

This year's major additions included:

Equipment and Vehicles	\$	126,444
Plant Improvements	\$	182,061
Construction in Progress	\$	527,430
Infrastructure	\$	434,865

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

**CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)
DECEMBER 31, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total 2014</u>	<u>Total 2013</u>
Land	\$ 1,284,846	\$ 2,328	\$ 1,287,174	\$ 1,287,174
Construction in Progress	527,430	-	527,430	10,159
Buildings and Improvements	2,689,157	374,800	3,063,957	3,164,532
Site Improvements	120,703	-	120,703	136,863
Machinery, Vehicles, Furniture and Equipment	221,689	127,342	349,031	345,818
Plant in Service	-	7,255,937	7,255,937	7,326,831
Infrastructure	1,671,446	2,999	1,674,445	1,323,638
Total Capital Assets, Net of Depreciation	<u>\$ 6,515,271</u>	<u>\$ 7,763,406</u>	<u>\$ 14,278,677</u>	<u>\$ 13,595,015</u>

Infrastructure, site improvements, building and machinery and equipment are depreciated using the straight-line method.

Debt

At year end, the Borough had \$4,440,698 in outstanding debt, \$272,071 of which is due within one year. The Borough's business-type activities (Water & Sewer Funds) debt represents 57% of the total debt.

<u>Governmental Activities</u>	<u>2014</u>	<u>2013</u>
General Obligation Note	\$ 1,857,575	\$ 1,890,000
Capital Lease Payable	44,779	42,730
Total	<u>\$ 1,902,354</u>	<u>\$ 1,932,730</u>
<u>Business-Type Activities</u>	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$ 2,520,000	\$ 2,710,000
Capital Lease Payable	18,344	-
Total	<u>\$ 2,538,344</u>	<u>\$ 2,710,000</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Unaudited)**

Economic Factors and Next Year's Budgets and Rates

Economic Factors:

Governmental Activities:

Ambler Borough services an area of approximately one square mile and a community of 6,417 residents. Of the residents, 15.1% are over the age of 65, compared to the national average of 13%. Of the residents age 16 and over, 73.6% are employed, compared to the national average of 64.3%. The major employers in the Borough are: the Artman Home, LTK Engineering Services, Gessnar Products, and the U.S. Post Office. The average median household income is \$57,465 compared to the national average of \$51,900 (economic statistics from the 2010 U.S. Census Bureau).

The Borough has undergone many changes over the last few years. The Downtown area continues to flourish and has added a new Mexican restaurant, El Limone and new businesses, Painting with a Twist, McHugh Engineering and Wild Lilies Jewelry. The Borough's paving of the Lindenwold Ave Parking lot provides better parking to support the Downtown area businesses. At the end of 2013, the Borough purchased the Mattison Ave School which will house the new Borough Hall providing much needed space for the Police Department and other Borough activities. Renovations are underway and the new Borough Hall is expected to open in June of 2015.

Business-Type Activities:

The Borough Water Department services approximately 5,700 customers in a six square mile radius. In addition to Amber Borough residents, it also services portions of Upper Dublin, Lower Gwynedd, Whitpain and Whitemarsh Townships.

After a 2 year lengthy process, the Water Department was awarded their requested rate increase by the Public Utilities Commission. The much need rate increase will allow the Water Department to pay back its outstanding debt to the General Fund incurred during the two year process and provide the means for much needed improvements to the water system.

Next Year's Budget:

The Borough's elected and appointed officials considered many factors when setting the fiscal budget for 2015. Slight projected increases in revenue were sufficient to cover additional inflationary expenditures. The only tax increase for 2015 was for the Borough's Volunteer Fire Company. This increase was desperately needed for the Fire Department to continue to operate.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and show the Borough's accountability for the funds it receives and disburses. If you have any questions about this report or to request additional financial information, please contact the Borough Manager or Director of Finance at 122 E. Butler Ave., Ambler, PA 19002.

BOROUGH OF AMBLER
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,053,721	\$ 658,152	\$ 3,711,873
Taxes Receivable	219,877	-	219,877
Accounts Receivable - Net	388,557	271,737	660,294
Internal Balances	726,505	(726,505)	-
Due from Other Governments	42,964	-	42,964
Land	1,284,846	2,328	1,287,174
Construction in Progress	527,430	-	527,430
Capital Assets - Net of Depreciation:			
Buildings and Improvements	2,689,157	374,800	3,063,957
Site Improvements	120,703	-	120,703
Machinery, Vehicles, Furniture and Equipment	221,689	127,342	349,031
Plant in Service	-	7,255,937	7,255,937
Infrastructure	1,671,446	2,999	1,674,445
Total Assets	<u>10,946,895</u>	<u>8,090,074</u>	<u>19,036,969</u>
LIABILITIES			
Accounts Payable	773,887	145,978	919,865
Accrued Interest	-	43,350	43,350
Due to Other Governments			
Due Within One Year	33,797	190,000	223,797
Due Beyond One Year	1,823,778	2,296,318	4,120,096
Capital Leases Payable -			
Due Within One Year	29,930	18,344	48,274
Due Beyond One Year	14,849	-	14,849
Other Post-Employment Benefits -			
Due Beyond One Year	2,185,301	51,336	2,236,637
Escrow Funds Payable	48,024	15,363	63,387
Total Liabilities	<u>4,909,566</u>	<u>2,760,689</u>	<u>7,670,255</u>
NET POSITION			
Net Investment in Capital Assets	4,612,917	5,258,744	9,871,661
Restricted for:			
Highway Fund	733,316	-	733,316
Fire Fund	6	-	6
Debt Service	269,518	-	269,518
Revolving Loan Fund	310,000	-	310,000
Recreation	72,926	-	72,926
Street Lighting	179,371	-	179,371
Unrestricted	<u>(140,725)</u>	<u>70,641</u>	<u>(70,084)</u>
Total Net Position	<u>\$ 6,037,329</u>	<u>\$ 5,329,385</u>	<u>\$ 11,366,714</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental Activities						
General	\$ 431,761	\$ 193,112	\$ 152,310	\$ (86,339)	\$ -	\$ (86,339)
Tax Collection	11,533	-	-	(11,533)	-	(11,533)
Borough Office	45,960	-	-	(45,960)	-	(45,960)
Protection to Persons and Property	2,255,716	38,225	-	(2,217,491)	-	(2,217,491)
Planning Commission	145,322	116,718	-	(28,604)	-	(28,604)
Health and Sanitation	536,450	644,094	-	107,644	-	107,644
Highways	551,901	-	-	(551,901)	-	(551,901)
Street Lighting	90,697	-	-	(90,697)	-	(90,697)
Fire Protection	172,031	-	62,005	(110,026)	-	(110,026)
Recreation	76,673	-	-	(76,673)	-	(76,673)
Depreciation	237,126	-	-	(237,126)	-	(237,126)
Total Governmental Activities	4,555,170	992,149	214,315	(3,348,706)	-	(3,348,706)
Business-Type Activities:						
Water	2,181,477	2,167,351	-	-	(14,126)	(14,126)
Sewer	839,501	933,770	-	-	94,269	94,269
Total Business-Type Activities	3,020,978	3,101,121	-	-	80,143	80,143
Total Primary Government	<u>\$ 7,576,148</u>	<u>\$ 4,093,270</u>	<u>\$ 214,315</u>	(3,348,706)	80,143	(3,268,563)

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2014**

	Net (Expense) Revenue and		
	Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Property Taxes	\$ 1,940,117	\$ -	\$ 1,940,117
Earned Income Tax	796,483	-	796,483
Business Privilege Tax	513,839		513,839
Emergency Municipal Service Tax	98,263	-	98,263
State Motor Vehicle Fuel Tax	122,496	-	122,496
Deed Transfer Tax	95,119	-	95,119
Public Utility Realty Tax	3,527	-	3,527
Investment Earnings	31,140	11,108	42,248
Miscellaneous	218,153	148,093	366,246
	<u>3,819,137</u>	<u>159,201</u>	<u>3,978,338</u>
Total General Revenues and Other Items			
	470,431	239,344	709,775
CHANGE IN NET POSITION			
Net Position - Beginning of Year	5,566,898	5,090,041	10,656,939
	<u>5,566,898</u>	<u>5,090,041</u>	<u>10,656,939</u>
NET POSITION - END OF YEAR	<u>\$ 6,037,329</u>	<u>\$ 5,329,385</u>	<u>\$ 11,366,714</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Highway		
ASSETS				
Cash and Cash Equivalents	\$ 1,788,150	\$ 708,448	\$ 557,123	\$ 3,053,721
Taxes Receivable	217,183	-	2,694	219,877
Accounts Receivable	70,537	-	318,020	388,557
Due from Other Funds	262,050	24,868	-	286,918
Advances to Other Funds	483,400	-	-	483,400
Due from Other Governments	42,964	-	-	42,964
	<u>\$ 2,864,284</u>	<u>\$ 733,316</u>	<u>\$ 877,837</u>	<u>\$ 4,475,437</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 758,230	\$ -	\$ 15,657	\$ 773,887
Due to Other Funds	36,458	-	7,355	43,813
Escrow Funds Payable	48,024	-	-	48,024
Total Liabilities	<u>842,712</u>	<u>-</u>	<u>23,012</u>	<u>865,724</u>
FUND BALANCES				
Non-Spendable	483,400	-	-	483,400
Restricted	-	733,316	831,821	1,565,137
Committed	577,556	-	-	577,556
Assigned	121,344	-	23,004	144,348
Unassigned, Reported in:				
General Fund	839,272	-	-	839,272
Total Fund Balances	<u>2,021,572</u>	<u>733,316</u>	<u>854,825</u>	<u>3,609,713</u>
Total Liabilities and Fund Balances	<u>\$ 2,864,284</u>	<u>\$ 733,316</u>	<u>\$ 877,837</u>	<u>\$ 4,475,437</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

Fund Balances - Total Governmental Funds	\$ 3,609,713
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	6,515,271
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Capital Lease	(44,779)
General Obligation Bonds and Note Payable	(1,857,575)
Other Post-Employment Benefits	<u>(2,185,301)</u>
Net Position of Governmental Activities	<u><u>\$ 6,037,329</u></u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Highway		
REVENUES				
Taxes	\$ 3,092,438	\$ -	\$ 256,264	\$ 3,348,702
Foreign Fire Relief	-	-	45,764	45,764
State Motor Vehicle Fuel Tax	-	122,496	-	122,496
Licenses and Permits	307,780	-	-	307,780
Fines, Forfeits and Costs	40,275	-	-	40,275
Interest on Investments	20,842	4,821	5,477	31,140
Grants and Revenue Sharing	152,310	-	-	152,310
Deed Transfer Tax	95,119	-	-	95,119
Refuse Collection	644,093	-	-	644,093
Contribution from Lower Gwynedd	-	-	16,241	16,241
Public Utility Realty Tax	3,527	-	-	3,527
Miscellaneous	218,154	-	-	218,154
Total Revenues	4,574,538	127,317	323,746	5,025,601
EXPENDITURES				
General	273,433	-	13	273,446
Tax Collection	11,533	-	-	11,533
Borough Office	45,960	-	-	45,960
Protection to Persons and Property	1,913,168	-	-	1,913,168
Planning Commission	145,322	-	-	145,322
Health and Sanitation	536,450	-	-	536,450
Highways	1,231,921	61,440	-	1,293,361
Street Lighting	-	-	90,697	90,697
Fire Protection	8,251	-	163,780	172,031
Recreation	-	-	84,962	84,962
Miscellaneous	201,365	-	-	201,365
Revitalization	37,455	-	-	37,455
Capital Outlays	-	281,139	-	281,139
Total Expenditures	4,404,858	342,579	339,452	5,086,889
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	169,680	(215,262)	(15,706)	(61,288)
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	49,496	-	-	49,496
Transfers In (Out)	(3,631)	-	3,631	-
Total Other Financing Sources (Uses)	45,865	-	3,631	49,496
NET CHANGE IN FUND BALANCES	215,545	(215,262)	(12,075)	(11,792)
Fund Balances - Beginning of Year	1,806,027	948,578	866,900	3,621,505
FUND BALANCES - END OF YEAR	\$ 2,021,572	\$ 733,316	\$ 854,825	\$ 3,609,713

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (11,792)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	1,039,973	
Current year depreciation	<u>(237,126)</u>	802,847

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. This amount is the proceeds of the issuance. (49,496)

The governmental funds report debt proceeds as financing sources, while repayment of debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:		
General Obligation Note	32,424	
Capital leases	<u>47,446</u>	79,870

Other post-employment benefits do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds as follows:

Change in post-employment benefits	<u>(350,998)</u>
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Change in Net Position of Governmental Activities \$ 470,431

**BOROUGH OF AMBLER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Water Fund	Sewer Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 308,137	\$ 350,015	\$ 658,152
Accounts Receivable (Net of Allowance For Uncollectibles)	218,510	53,227	271,737
Due from Other Funds	-	45,983	45,983
Inventories	123,284	-	123,284
Total Current Assets	<u>649,931</u>	<u>449,225</u>	<u>1,099,156</u>
NON-CURRENT ASSETS			
Capital Assets			
Land	2,328	-	2,328
Infrastructure (Net)	-	2,999	2,999
Building (Net)	372,131	2,669	374,800
Machinery, Vehicles, Furniture and Equipment (Net)	117,650	9,692	127,342
Plant in Service (Net)	7,255,937	-	7,255,937
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,748,046</u>	<u>15,360</u>	<u>7,763,406</u>
Total Non-Current Assets	<u>7,748,046</u>	<u>15,360</u>	<u>7,763,406</u>
Total Assets	<u>8,397,977</u>	<u>464,585</u>	<u>8,862,562</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	77,739	68,239	145,978
Accrued Expenses	40,754	2,596	43,350
Due to Other Funds	289,088	-	289,088
General Obligation Bonds Payable - Due Within One Year	190,000	-	190,000
Capital Leases Payable - Due Within One Year	15,751	2,593	18,344
Escrow Funds Payable	15,363	-	15,363
Total Current Liabilities	<u>628,695</u>	<u>73,428</u>	<u>702,123</u>
NON-CURRENT LIABILITIES			
Advances from Other Funds- Due in More Than One Year	483,400	-	483,400
General Obligation Bonds Payable - Due in More Than One Year	2,296,318	-	2,296,318
Other Post-Employment Benefits Due in More Than One Year	43,398	7,938	51,336
Total Non-Current Liabilities	<u>2,823,116</u>	<u>7,938</u>	<u>2,831,054</u>
Total Liabilities	<u>3,451,811</u>	<u>81,366</u>	<u>3,533,177</u>
NET POSITION			
Net Investment in Capital Assets	5,245,977	12,767	5,258,744
Unrestricted	(299,811)	370,452	70,641
Total Net Position	<u>\$ 4,946,166</u>	<u>\$ 383,219</u>	<u>\$ 5,329,385</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Metered Water Sales	\$ 1,842,604	\$ -	\$ 1,842,604
Sewer Rents	-	933,770	933,770
Water Tower Rental	319,765	-	319,765
Water line Protection	4,982	-	4,982
Miscellaneous	62,725	85,368	148,093
Total Operating Revenues	<u>2,230,076</u>	<u>1,019,138</u>	<u>3,249,214</u>
OPERATING EXPENSES			
Source of Supply	78,023	-	78,023
Purification	99,508	-	99,508
Pumping	274,604	-	274,604
Distribution	443,120	-	443,120
Meter Installation	13,977	-	13,977
Customer Accounting and Collecting	37,066	-	37,066
Collection System	-	24,512	24,512
Administrative	1,121,155	814,989	1,936,144
Total Operating Expenses	<u>2,067,453</u>	<u>839,501</u>	<u>2,906,954</u>
OPERATING INCOME	162,623	179,637	342,260
NONOPERATING REVENUE (EXPENSE)			
Interest Income	9,564	1,544	11,108
Debt Service Expense	(114,024)	-	(114,024)
Total Nonoperating Revenue (Expense)	<u>(104,460)</u>	<u>1,544</u>	<u>(102,916)</u>
CHANGE IN NET POSITION	58,163	181,181	239,344
Net Position- Beginning of Year	<u>4,888,003</u>	<u>202,038</u>	<u>5,090,041</u>
NET POSITION - END OF YEAR	<u>\$ 4,946,166</u>	<u>\$ 383,219</u>	<u>\$ 5,329,385</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Water Fund	Sewer Fund	Total
CASH FLOWS OPERATING ACTIVITIES			
Receipts From Customers and Users	\$ 1,847,679	\$ 916,996	\$ 2,764,675
Receipts From Others	382,490	85,368	467,858
Payments to Suppliers and Vendors	(1,013,033)	(602,673)	(1,615,706)
Payments to Employees	(610,093)	(180,583)	(790,676)
Net Cash Provided by Operating Activities	607,043	219,108	826,151
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Interfund Advances, Net	(437,195)	(122,124)	(559,319)
Net Cash Used in Non-Capital Financing Activities	(437,195)	(122,124)	(559,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(185,785)	(6,784)	(192,569)
Repayment of Capital Lease	(17,319)	(2,594)	(19,913)
Principal Paid on General Obligation Bonds	(190,000)	-	(190,000)
Interest Paid on General Obligation Bonds	(114,024)	-	(114,024)
Net Cash Used by Capital and Related Financing Activities	(507,128)	(9,378)	(516,506)
CASH FLOWS FROM INVESTING ACTIVITIES			
Reinvested Interest on Investment	4,352	1,544	5,896
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(332,928)	89,150	(243,778)
Cash and Cash Equivalents - Beginning of Year	641,065	260,865	901,930
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 308,137</u>	<u>\$ 350,015</u>	<u>\$ 658,152</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 162,623	\$ 179,637	\$ 342,260
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	337,130	2,725	339,855
Amortization Expense	3,062	-	3,062
Bad Debt Expense	15,368		15,368
Change in Assets and Liabilities:			-
(Increase) Decrease in Accounts Receivable	93	(16,774)	(16,681)
Increase in Inventory	(78,180)	-	(78,180)
Decrease in Prepaid Expense	14,229	1,855	16,084
Increase in Accounts Payable	77,739	68,239	145,978
Increase in Accrued Expense	20,357	1,624	21,981
Increase in Other Post-Employment Benefits	7,134	1,342	8,476
Increase in Due to Other Funds	47,488	(19,540)	27,948
Total Adjustments	444,420	39,471	483,891
Net Cash Provided by Operating Activities	\$ 607,043	\$ 219,108	\$ 826,151
 SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND FINANCING ACTIVITY			
Assets acquired via capital leases	\$ 33,070	\$ 5,187	\$ 38,257

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014**

ASSETS

Accrued Income	\$ 8,937
Investments	
Stocks, at Fair Value	7,355,009
Mutual Funds, at Fair Value	<u>7,349,069</u>
 Total Assets	 <u><u>\$ 14,713,015</u></u>

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

(Schedules of Funding Progress are Presented on Pages 55 and 56)	<u><u>\$ 14,713,015</u></u>
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**BOROUGH OF AMBLER
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

ADDITIONS

Contributions:	
Plan Members	\$ 52,701
Employer	135,008
Other Contributions	<u>2,568</u>
Total Contributions	190,277
Investment Earnings:	
Net Appreciation in Fair Value of Investments	757,077
Interest and Dividends	<u>481,852</u>
Total Investment Earnings	1,238,929
Less Investment Expense	<u>23,753</u>
Net Investment Earnings	<u>1,215,176</u>
 Total Additions	 1,405,453

DEDUCTIONS

Benefits	283,597
Administration and Other	<u>42,997</u>
Total Deductions	<u>326,594</u>

CHANGE IN NET POSITION

1,078,859

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Net Position - Beginning of Year	<u>13,634,156</u>
Net Position - End of Year	<u>\$ 14,713,015</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2014. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

A. Financial Reporting Entity

The Borough of Ambler was incorporated in 1888 under the laws of the Commonwealth of Pennsylvania. The Borough operates under a council-mayor form of government in accordance with the Pennsylvania Borough Code.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. Based on the criteria set forth by GASB, the Borough has determined that there are no organizations or agencies which qualify as component units which should be included in these financial statements. These statements include the financial activities of the overall Borough government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Borough's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The Borough first utilizes restricted resources to finance qualifying activities.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of each function of the Borough's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges for services paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Borough's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or incidental activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The principal operating revenues of the Borough's proprietary funds are charges to customers for services. Operating expenses include the cost of providing services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Borough reports the following major governmental funds:

The General Fund is the general operating fund of the Borough and accounts for all revenues and expenditures of the Borough not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and capital improvement costs not paid through other funds are paid from the General Fund. The primary sources of revenues are from property taxes, earned income taxes and refuse collection fees.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Highway Aid Fund as required by state law, accounts for receipts from State Motor License Fund (gasoline tax distribution, etc.) to be used for highway related expenses and improvements.

Additionally, the Borough reports the following fund types: (Special revenue funds, capital project funds and debt service funds which are included as non-major funds in Other Governmental Funds).

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Lighting Fund, Recreation Fund, Fire Fund, Health and Accident Fund, and the Revolving Loan Fund are classified as special revenue funds.

Capital Project Funds are used to account for all resources for the acquisition of capital equipment and major capital improvements by the Borough.

Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

Proprietary Funds consist of the Water and Sewer Funds. Such funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of Borough management is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and where management has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds are used to account for assets held by the Borough in a trustee capacity. The pension trust funds account for the assets of the government's police and municipal (non-uniform) employees.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (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. The Borough of Ambler considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Budgets and Budgetary Accounting

Budgets are prepared on the same basis of accounting as the financial statements. Each fall, the Borough Council adopts an annual budget for the following year for the General, Proprietary and certain Special Revenue Funds as set forth in the Borough code. Legal budgetary control is at the fund level. The accompanying statements of revenues, expenditures and changes in fund balance budget and actual – general fund and highway fund are included in required supplementary information.

Interfund transfers not approved in the budget must be approved by Council motion in accordance with the Borough code.

Budgeted amounts are reported as originally adopted. Unexpended budget amounts lapse at the end of the year. The Council may take specific action to commit or assign fund equity.

E. Assets, Liabilities, And Net Position Or Equity

1. Cash and Cash Equivalents

Bank accounts, certificates of deposits and investment in the Pennsylvania Local Government Investment Trust are all highly liquid investments and are considered to be cash and cash equivalents as presented on the statement of net position and the statement of cash flows.

2. Receivables and Payables

During the course of operations numerous transactions occur between funds for goods or services, which require reimbursement. Amounts unpaid at the end of the year are reflected as due to / due from other funds. Long term interfund loans expected to be paid back within a defined time period are reflected as advances to/ advance from other funds.

Taxes receivable reflect amounts receivable for earned income, local services and transfer taxes collected by the tax collector in December of the current year and remitted to the Borough after year end.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, And Net Position Or Equity (Continued)

3. Inventories

The Borough does not maintain accounting records relating to the minor cost of materials and supplies inventories, other than those in the Water Fund. Accordingly, such items are not included in the financial statements. Water Fund inventories are recorded at the lower of cost, on a first-in/first-out basis, or market. The Water Fund inventory includes small parts used for repairs and maintenance.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities 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:

Assets	Years
Buildings	25-75
Building Improvements	20-30
Public Domain Infrastructure	25-75
Furniture, Equipment and Vehicles	3-15

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough has no items that qualify for reporting in this category.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, And Net Position Or Equity (Continued)

5. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has no items that qualify for reporting in this category.

6. *Long-Term Obligation*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

7. *Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The Borough applies restricted resources when an expense is incurred for purposes for which both restricted net position are available.

8. *Fund Balance*

The Borough follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable – Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Position or Equity (Continued)

8. Fund Balance (Continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Borough Council. The Council is the highest decision making authority of the Borough. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Borough Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – Residual net resources.

F. Revenues, Expenditures and Expenses

Tax revenues - General Fund property taxes and earned income taxes collected within sixty days subsequent to December 31 are recognized as revenue, if material and they apply to the prior year.

Real estate property tax - Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after June 30. The Borough elects a tax collector to collect the property tax levied. The tax collector remits Borough taxes at least monthly and is paid a salary.

Transfers and dividends - Operating transfers between governmental and nongovernmental fund types are reported as other financing sources (uses) within those funds.

G. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of municipal funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. The Borough may also place deposits that are insured by the Federal Deposit Insurance Corporation ("FDIC") and deposits that are collateralized on an individual or on a pooled basis in accordance with Act No. 72 of the Commonwealth of Pennsylvania, August 6, 1971.

The deposit and investment policy of the Borough adheres to state statutes and prudent business practice. Deposits of the Borough are either maintained in demand deposits, highly liquid money market funds or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as "cash and cash equivalents" in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of December 31, 2014, \$3,585,689 of the Borough's cash balance per the financial statements of \$3,711,873 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$	-
Collateralized		-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the Government's Name		<u>3,585,689</u>
Total	\$	<u><u>3,585,689</u></u>

Reconciliation to the Financial Statements

Uninsured Amount Above	\$	3,585,689
Plus: Insured Amount		250,000
Less: Outstanding Checks		(195,458)
Plus: Deposits in Transit		1,059
Less: Other Reconciling Items		<u>69,038</u>
Carrying Amount - Bank Balances		3,710,328
Plus: Petty Cash		1,545
Total Cash Per Financial Statements	\$	<u><u>3,711,873</u></u>

The Borough's cash balance includes \$63,381 of restricted escrow deposits. These monies are held by the Borough in a custodial capacity for developers.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 ACCOUNTS RECEIVABLE

Following is a summary of receivables at December 31, 2014:

	Governmental Funds			Proprietary Funds		
	General Fund	Other Governmental Funds	Total	Water Fund	Sewer Fund	Total
Refuse Fees	\$ 71,754	\$ -	\$ 71,754	\$ -	\$ -	\$ -
Utility User Fees	-	-	-	240,659	50,829	291,488
Mortgage Receivable	-	310,000	310,000	-	-	-
Less: Allowance for Doubtful Accounts	(2,000)	-	(2,000)	(22,149)	(5,000)	(27,149)
Total	69,754	310,000	379,754	218,510	45,829	264,339
Other Billings and Receivables	783	8,020	8,803	-	7,398	7,398
Net Accounts Receivable	<u>\$ 70,537</u>	<u>\$ 318,020</u>	<u>\$ 388,557</u>	<u>\$ 218,510</u>	<u>\$ 53,227</u>	<u>\$ 271,737</u>

NOTE 4 PROPERTY AND EQUIPMENT

Governmental Activities capital assets consist of the following at December 31, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,284,846	\$ -	\$ -	\$ 1,284,846
Construction In Progress	-	527,430	-	527,430
Total Capital Assets, Not Being Depreciated	1,284,846	527,430	-	1,812,276
Capital Assets, Depreciated:				
Buildings and Other Improvements	3,518,362	-	-	3,518,362
Site Improvements	207,258	-	-	207,258
Machinery, Vehicles, Furniture, and Equipment	841,582	80,738	172,700	749,620
Infrastructure	1,644,187	431,805	-	2,075,992
Total Capital Assets, Being Depreciated	6,211,389	512,543	172,700	6,551,232
Accumulated Depreciation for:				
Buildings and Other Improvements	751,150	78,055	-	829,205
Site Improvements	70,389	16,166	-	86,555
Machinery, Vehicles, Furniture, and Equipment	641,574	59,057	172,700	527,931
Infrastructure	320,698	83,848	-	404,546
Total Accumulated Depreciation	1,783,811	237,126	172,700	1,848,237
Total Capital Assets, Being Depreciated, Net	4,427,578	275,417	-	4,702,995
Governmental Activities Capital Assets, Net	<u>\$ 5,712,424</u>	<u>\$ 802,847</u>	<u>\$ -</u>	<u>\$ 6,515,271</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

Business-Type Activities capital assets consist of the following at December 31, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,328	\$ -	\$ -	\$ 2,328
Construction In Progress	10,159	-	10,159	-
Total Capital Assets, Not Being Depreciated	12,487	-	10,159	2,328
Capital Assets, Being Depreciated:				
Infrastructure	-	3,060	-	3,060
Buildings and Other Improvements	815,869	-	-	815,869
Machinery, Vehicles, Furniture, and Equipment	1,167,052	45,706	30,175	1,182,583
Plant in Service	12,278,561	182,061	(30,175)	12,490,797
Total Capital Assets, Being Depreciated	14,261,482	230,827	-	14,492,309
Accumulated Depreciation for:				
Infrastructure	-	61	-	61
Buildings and Other Improvements	418,550	22,519	-	441,069
Machinery, Vehicles, Furniture, and Equipment	1,021,096	34,145	-	1,055,241
Plant in Service	4,951,730	283,130	-	5,234,860
Total Accumulated Depreciation	6,391,376	339,855	-	6,731,231
Total Capital Assets, Being Depreciated, Net	7,870,106	(109,028)	-	7,761,078
Business-Type Capital Assets, Net	\$ 7,882,593	\$ (109,028)	\$ 10,159	\$ 7,763,406

Depreciation expense charged to governmental functions and business-type functions amounted to \$237,126 and \$339,855, respectively, in 2014.

NOTE 5 CAPITAL LEASE OBLIGATIONS

The Borough acquired several pieces of equipment under the provisions of long term leases. For financial reporting purposes, minimum lease payments relating to the leases have been capitalized. The leases expire between December 2015 and December 2016.

The cost and depreciation under the capital leases are as follows:

	Amount
Cost	\$ 158,717
Accumulated Depreciation	(63,575)
Total	\$ 95,142

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 5 CAPITAL LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments under the capital leases and the net present value of future minimum capital lease payments at December 31, 2014 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 52,365
2016	15,362
Total Minimum Lease Payments	67,727
Less: Amount Representing Interest	(4,604)
Present Value of Minimum Lease Payments	\$ 63,123

NOTE 6 LONG-TERM DEBT

On October 15, 2009, the Borough issued \$3,455,000 of General Obligation Bonds, Series of 2009, as fully registered bonds in the denominations of \$5,000 each. The proceeds of the bonds were to be used for, (1) the current refunding of the Borough's General Obligation Bonds, Series of 2003; (2) certain capital improvements to the water system serving the Borough and surrounding municipalities; (3) the payment of the costs and expenses incurred in connection with the issuance of the Bonds.

The 2009 General Obligation Bonds are direct obligations of the Borough and pledge the full faith, credit and taxing power of the Borough. The 2009 General Obligation Bonds are payable from, and secured by, the general revenues of the Borough, which include the revenues derived from unlimited ad valorem taxes, which may be levied on all taxable real estate within the Borough.

Interest is payable semiannually on March 1 and September 1, commencing March 1, 2010. Interest rates on remaining debt range from 0.75% to 4.00%.

Bond discounts amounting to \$48,992 in the Water Fund are amortized over the sixteen year life of the 2009 issue and are recorded as interest expense. The unamortized discounts are netted against the bonds payable.

On December 20, 2013, the Borough issued a \$1,890,000 General Obligation Term Note. The proceeds of the note were used for the purchase of a building. In addition, a \$1,700,000 General Obligation Line of Credit Loan Note was issued for the renovations of the building. As of December 31, 2014, the Borough had not made any draw downs on the line of credit

The General Obligation Term Note is a direct obligation of the Borough. The Note is payable from, and secured by the business privilege tax.

Interest is payable monthly commencing January 1, 2014. The interest rate on remaining debt is 4.15%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Interest expenses on general obligation bonds and note amounted to \$77,823 and \$110,512 for the general fund and water fund, respectively, for the year ended December 31, 2014.

The following is a schedule of aggregate principal and interest payments for each of the next five years and each five-year period thereafter for the 2009 General Obligation Bonds:

Year Ending December 31,	Principal	Interest	Total
2015	\$ 190,000	\$ 86,924	\$ 276,924
2016	200,000	82,041	282,041
2017	205,000	76,444	281,444
2018	210,000	70,243	280,243
2019	215,000	63,494	278,494
2020-2024	1,225,000	180,700	1,405,700
2025	275,000	5,500	280,500
Total	<u>\$ 2,520,000</u>	<u>\$ 565,346</u>	<u>\$ 3,085,346</u>

The following is a schedule of aggregate principal and interest payments for each of the next five years and each five-year period thereafter for the 2013 General Obligation Note:

Year Ending December 31,	Principal	Interest	Total
2015	\$ 33,797	\$ 76,451	\$ 110,248
2016	35,227	75,022	110,248
2017	36,717	73,532	110,248
2018	38,270	71,979	110,248
2019	39,889	70,360	110,248
2020-2024	226,224	325,017	551,242
2025-2029	278,291	272,950	551,242
2030-2034	342,342	208,899	551,242
2035-2039	421,035	130,207	551,242
2040-2044	405,783	35,209	440,992
Total	<u>\$ 1,857,575</u>	<u>\$ 1,339,626</u>	<u>\$ 3,197,200</u>

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt:

Long-term debt activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable:					
Series 2013 GO Note	\$ 1,890,000	\$ -	\$ (32,425)	\$ 1,857,575	\$ 33,797
Capital Leases	42,729	49,496	(47,446)	44,779	29,930
Governmental Activity Long-Term Debt	<u>\$ 1,932,729</u>	<u>\$ 49,496</u>	<u>\$ (79,871)</u>	<u>\$ 1,902,354</u>	<u>\$ 63,727</u>
Business-Type Activities:					
Bonds Payable:					
Series 2009 GO Bonds	\$ 2,710,000	\$ -	\$ (190,000)	\$ 2,520,000	\$ 190,000
Capital Leases	-	38,257	(19,913)	18,344	18,344
Less Deferred Amounts:					
Bond Discounts	(36,744)	-	3,062	(33,682)	-
Business-Type Activity Long-Term Debt	<u>\$ 2,673,256</u>	<u>\$ 38,257</u>	<u>\$ (206,851)</u>	<u>\$ 2,504,662</u>	<u>\$ 208,344</u>

NOTE 7 JOINT VENTURE

The Borough is one of five participating municipalities in the Ambler Waste Water Treatment Plant, which provides sewage treatment services to its members. The Borough of Ambler is the plant administrator.

The cost of operating and maintaining the Treatment Plant including the costs of administrative expenses and record keeping are shared by each municipality in proportion to the resident population equivalents of the units connected to the representative collection system. The annual operating fee varies each year based on the budget and usage. The Borough's operating fee paid to the Treatment Plant by the Sewer Fund amounted to \$428,039 in 2014.

The participant's share of capital improvements and additions are based on each municipality's purchased capacity as per a 1959 agreement and its subsequent amendments. The current rates in effect were fixed as of 1978. The Borough's capital contribution paid by the Sewer Fund to the Treatment Plant amounted to \$100,366 in 2014.

The Treatment Plant reimburses the Borough of Ambler for administrative costs related to plant operations. An administrative fee of \$174,024 was recognized as revenue for the year ended December 31, 2014.

The financial interest of each participating municipality in the reserves of the Treatment Plant has not been calculated and, therefore, not accounted for as an investment in the Treatment Plant's assets on the Borough's financial statements. Separate financial statements for the Treatment Plant are prepared and available.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 8 INTERFUND PAYABLES AND RECEIVABLE

The composition of interfund balances for the fund financial statements, as of December 31, 2014, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	262,050	36,458
Highway Fund	24,868	-
Fire Fund	-	7,355
Water Fund	-	289,088
Sewer Fund	45,983	-
Total	\$ 332,901	\$ 332,901

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds”(i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. non-current portion of interfund loans). As of December 31, 2014, the general fund had advanced funds to the water fund in the amount of \$483,400. The Borough intends to satisfy interfund advances in equal installments through 2017.

NOTE 9 EARNED INCOME TAX

Earned income tax was levied at a rate of one percent of gross wages for all individuals living or working in the Borough of Ambler in 2014. The Borough is entitled to 50% of the tax collected and the Wissahickon School District is entitled to the other 50% of the tax receipts. Earned income tax revenue recognized by the Borough for the year ended December 31, 2014 amounted to \$796,483.

NOTE 10 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Accordingly, the Borough has entered into a participation agreement with certain surrounding municipalities in Montgomery and Bucks Counties, Pennsylvania to form the Delaware Valley Insurance Trust (Trust). The Trust has created a self insurance pool to offer coverage to eligible municipalities. The Borough is participating in the Trust insurance coverage.

For the pool coverage there is a total risk and cost sharing for all participants. Liabilities in excess of assets of the Trust may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year in the Borough’s insurance policies.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 11 COMMITMENTS

In December 2010, the Borough entered into a contract for trash, dumpster, and yard waste services, respectively, over a three-year period. The contract was extended until September 30, 2015, at a cost of approximately \$27,000 per month.

NOTE 12 CONTINGENT LIABILITIES

The Borough is also involved in certain legal matters through the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters. Management believes that any liability that may result from the resolution of these matters will not have a material adverse affect on the accompanying financial statements and, accordingly, no provision has been recorded.

NOTE 13 PENSION PLANS

The most recent biannual actuarial valuations were prepared as of January 1, 2013.

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN

A. Plan Description:

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council. Covered employees are full-time salaried employees, except for members of the police force. The normal retirement benefit is the greater of 25 percent of average monthly earnings reduced for service less than 15 years at age 65 or 40 percent of average monthly earnings reduced for service less than 25 years at age 65. Average monthly earnings are based on the three calendar years prior to termination of employment. A member is eligible for normal retirement on the last day of the month in which the member's 65th birthday occurs. There are no terminated employees vested but not receiving benefits. There are twenty-seven active employees currently covered. There are seven persons receiving benefits.

Early retirement is provided for upon the attainment of age 55 and at least 25 years of service. Ten years of service are required for vesting. If a member dies before the 60 monthly payments have been received, the remainder of the 60 months will automatically continue to the member's beneficiary. The funds are invested primarily in stocks and mutual funds.

B. Summary of Significant Accounting Policies:

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies (Continued):

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Investments are reported at fair value. Quoted market prices are used to value investments. Share of mutual funds are valued at the net asset value of shares held by the Plan at year end. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The Plan pays the administrative expenses of the Plan.

Risks and Uncertainties

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

C. Funding Policy and Contributions

The plan is funded by member contributions, funds paid by the Commonwealth of Pennsylvania and by borough contributions, if required.

Employees are required to contribute 3% of compensation to the plan. Employee contributions amounted to \$52,701 for the year ended December 31, 2014.

The Borough's annual pension cost (APC) and percentage of APC contributed for the current year and each of the two preceding years were as follows:

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 32,825	100%
2010	-	N/A
2011	78,602	100%
2012	83,830	100%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2014, the Borough's pension cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

E. Investments

As of December 31, 2014, the Borough had the following pension plan investments:

	Fair Market Value
Money Market Fund	\$ 88,966
Domestic Equities	2,587,484
Sanford C. Bernstein Emerging Markets	78,420
Sanford C. Bernstein International Portfolio	437,073
Bernstein Sanford C Fund II Inc. - Fixed Income	1,934,604
Total Investments	\$ 5,126,547

As of December 31, 2014, none of the Borough's pension plan investments are rated.

F. Investment Concentration

Total plan net position as of December 31, 2014 amounted to \$5,129,434. Five percent of total plan assets amounted to \$256,472 as of December 31, 2014. The following funds represent 5% or more of the total net plan assets at December 31:

Investments	Amount	Percent of Total
Sanford C. Bernstein International Portfolio	\$ 437,073	8.5%
Bernstein Sanford C Fund II Inc. - Fixed Income	\$ 1,934,604	37.7%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2013
Actuarial cost method	Normal entry age actuarial cost method (a)
Asset valuation method	Adjusted market basis (85% of reported market value)
Actuarial assumptions	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually

(a) Under the normal entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit age.

(b) There are no significant factors that would distort the evaluation of trends for amounts presented in the two required supplementary schedules.

H. Funded Status and Funding Progress

The following is funded status information as of January 1, 2013, the most recent actuarial valuation date:

<u>Date of Valuation</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio %</u>	<u>Actuarial Surplus/(Deficit)</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Surplus/Deficit as a Percent of Payroll</u>
January 1, 2009	\$ 2,922,576	\$ 2,969,139	98.43%	\$ (46,563)	\$ 1,591,178	-2.93%
January 1, 2011	3,433,236	3,448,839	99.55%	(15,603)	1,771,631	-0.88%
January 1, 2013	3,859,620	3,475,928	111.04%	383,692	1,736,679	22.09%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN

A. Plan Description

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council.

The plan's normal retirement is age 50 with 25 years of service. Twelve years of service is required for vesting. The normal retirement benefit is life income consisting of one-half of the member's average salary for the last 36 months plus \$100 per month for each year of service in excess of 25 years up to a maximum of 30 years of service, or \$500 per month including any social security from police service and any pension from a previous fund. Retirement is mandatory at age 70. The plan allows members to retire with a reduced benefit after 20 years of service. The amount of early retirement pension is the actuarial equivalent of the normal retirement benefit reduced by service at retirement over expected service at normal retirement.

If an officer is killed in the line of duty, then 100% of the salary is payable to the surviving spouse or children, if no spouse.

A survivor benefit option of 50% of the member's pension is provided to the survivor spouse or children under 18.

The plan also provides a disability benefit. Upon total and permanent disability, a member will receive 75 percent of the monthly salary rate effective at the time of applying for disability benefits, offset by benefits under workers compensation, until normal retirement, at which time he received his retirement benefit.

After each anniversary of retirement, the retirement benefit is adjusted annually to reflect the cost of living change in the preceding calendar year, based upon the increase in the Consumer Price Index of the U.S. Department of Labor for the Philadelphia area.

Covered employees are full-time police officers.

Number of covered active employees	13
Number of persons receiving benefits	7
Terminated employees vested, but not receiving benefits	1

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies:

Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Investments, which consist primarily of common stock and mutual funds, are reported at market value. Quoted market prices are used to value investments. Share of mutual funds are valued at the net asset value of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The Plan pays the administrative expenses.

Risks and Uncertainties

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of Plan net position.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Funding Policy and Contributions

The Plan is funded from contributions by all full time police officers, funds paid by the Commonwealth of Pennsylvania and by Borough contributions, if required.

Members were required to contribute at least five percent of compensation to the Plan, but not more than 8%. Effective September 20, 2000 for any year in which it is determined by an actuarial valuation report prepared in accordance with the Municipal Plan Funding Standard and Recovery Act (Act 205) that the Plan has a balance that is twenty-five percent (25%) in excess of the minimum amount needed to declare it actuarially sound, then the Borough Council could, on an annual basis by ordinance or resolution, reduce or eliminate payments into the pension fund by Plan members. When required by the actuary in accordance with any such report, funding must resume as necessary to keep the balance at or over 25% in excess of the minimum needed for actuarial soundness, but member contributions will in such event remain within the parameters set forth above.

There were no employee contributions for the year ended December 31, 2014.

The Borough's annual pension cost (APC) and percentage of APC contributed for the current year and each of the two preceding years were as follows:

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ -	N/A
2010	-	N/A
2011	-	N/A

No contributions were made by the Borough for 2014.

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2014, the Borough's pension cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Investments

As of December 31, 2014, the Borough had the following pension plan investments:

	Fair Market Value
Money Market Fund	\$ 69,481
ICMA VT Plus Fund - Mutual Funds	158,157
Domestic Equities	4,767,525
Sanford C. Bernstein Emerging Markets	200,032
Sanford C. Bernstein International Portfolio	853,952
Bernstein Sanford C Fund II Inc. - Fixed Income	3,528,384
Total Investments	\$ 9,577,531

As of December 31, 2014, none of the Borough's pension plan investments are rated.

F. Investment Concentration

Total plan net position as of December 31, 2014 amounted to \$9,425,424. Five percent of total plan assets amounted to \$471,271.

The following fund represents 5% or more of the total plan assets at December 31:

Investments	Amount	Percent of Total
Sanford C. Bernstein International Portfolio	\$ 853,952	8.9%
Bernstein Sanford C Fund II Inc. - Fixed Income	3,528,384	36.8%

G. Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2013
Actuarial cost method	Normal entry age actuarial cost method (a)
Asset valuation method	Adjusted market basis (85% of reported market value)
Actuarial assumptions	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually

(a) Under the normal entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit age.

(b) There are no significant factors that would distort the evaluation of trends for amounts presented in the two required supplementary schedules.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

H. Funded Status and Funding Progress

The following is funded status information as of January 1, 2013, the most recent actuarial valuation date:

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2009	6,743,684	5,175,738	130.29%	1,567,946	1,051,854	149.06%
January 1, 2011	7,458,394	5,416,764	137.69%	2,041,630	1,195,169	170.82%
January 1, 2013	7,669,350	6,235,948	122.99%	1,433,402	1,238,121	115.77%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTE 14 GASB 67- FINANCIAL REPORTING FOR PENSION PLANS

The Borough has adopted GASB Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. The Statement enhances the Borough's footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed in Note 13 previously.

Plan Administration

Management of the Police Pension and Non-Uniform Plans are overseen by a Pension Committee under ordinance 851. Per the Plan Document, the Pension Committee is comprised of 9 members of Borough Council and on full time member of the Ambler Borough Police department. The duly appointed Borough Manager is designated as the chief administrative officer who has the discretion and authority to interpret the Plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the Plans. The committee meets annually with the investment advisor to review the plan earning and investment policies. Management of the Plan is overseen by Ambler Borough Council; however, Borough Council may delegate the following responsibilities;

- A) Council may appoint a subcommittee to review the performance of the investment manager and to review the Funds' compliance with ACT 205.
- B) Council may assign the daily administrative operations of the Fund to the Borough Manager.
- C) Council may appoint a corporate trustee.
- D) Council may delegate other responsibilities as it deems appropriate.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 14 GASB 67- FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Investment Policy

The Pension Fund Board is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of the Plans is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price. The following was the Plan's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target</u>
Domestic Equities	48.0%
Emerging Markets	2.8%
International Equities	9.2%
Fixed Income	40.0%
Cash Equivalents	0.0%

Net Pension Liability

The net pension liability of the plans for measurement date December 31, 2014, were as follows:

	<u>Non-Uniform Pension Plan</u>	<u>Police Pension Plan</u>
Total Pension Liability	\$ 4,117,764	\$ 7,077,640
Plan Fiduciary Net Position	<u>5,129,434</u>	<u>9,583,581</u>
Net Pension Liability (Asset)	<u>\$ (1,011,670)</u>	<u>\$ (2,505,941)</u>

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 14 GASB 67- FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Method and assumptions used to determine Net Pension Liability of the Plans were as follows:

Valuation Date	January 1, 2013, projected to December 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization	Zero
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.50% per year compounded annually, net of investment expenses
Projected Salary Increases	5.00% per year, includes inflation
Cost-of-Living Adjustments	None
General Inflation	4.00% per year
Mortality Rate	RP-2000 Mortality Table (Blue Collar) with Scale AA

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 rate of return for each major asset class are included in the pension plan's target asset allocation of December 31, 2014.

<u>Asset Class</u>	<u>Percent of Fund at December 31, 2014</u>	<u>Estimated Long-Term Rates of Return</u>
Money Market	1.1%	2.0%
Domestic Equities	51.1%	7.1%
Emerging Markets	1.9%	5.7%
International Equities	9.0%	7.6%
Fixed Income	38.0%	5.8%
Cash Equivalents	0.0%	2.0%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 14 GASB 67- FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.50%, as well as what the Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%), or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset) - Non-Uniform Pension Plan	\$ (558,407)	\$ (1,011,670)	\$ (1,400,754)
Net Pension Liability (Asset) - Police Pension Plan	\$ (1,607,890)	\$ (2,505,941)	\$ (3,252,138)

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for plan year 2014 was 6.20%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 15 POSTEMPLOYMENT BENEFITS

The Borough follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for postemployment health care benefits provided by the Borough. The accrued liability for benefits of \$3,557,072 at January 1, 2012, amortized over thirty years as a level percent of pay based on the inflation portion of the salary scale only.

Plan Description

The Borough provides post employment healthcare benefits, in accordance with Borough policies and collective bargaining agreements, for Police and Non-Uniform employees. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

For police, the Borough will provide medical coverage to retired officers and their spouses at age fifty and ending at sixty-five years of age for all full time police officers employed by the Borough as of December 31, 2008. For retired officers hired on or after January 1, 2009, the Borough shall provide only single coverage from age fifty to sixty-five years of age. Subsequent to January 1, 2009, if an officer remarries after divorce or the spouse's death, the new spouse shall not be provided with post retirement medical benefits.

All full-time non-uniformed employees, who retire under the terms of the Non-Uniform Pension Plan, may continue in the Borough's group health plan on a single basis at no cost to the Borough. These employees may continue this coverage until their sixty-fifth birthday.

Funding Policy

The Borough has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2014 year, there were 2 retired participants. The Borough's cost, including implicit rate subsidy of \$18,778 has been applied toward the annual OPEB cost.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2014 was as follows:

<u>Years Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	411,969	6.66%	1,524,953
2013	381,878	4.38%	1,906,831
2014	383,465	4.90%	2,271,518

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation:

Normal Cost (Service cost for one year)	\$ 443,113
Change in Plan Assumptions	-
Annual Required Contribution (ARC)	<u>443,113</u>
Interest on net OPEB Obligation	76,273
Adjustment to Annual Required Contribution	<u>(135,921)</u>
Annual OPEB Cost (Expense)	383,465
Contributions toward the OPEB Cost	<u>(18,778)</u>
Increase in Net OPEB Obligation	364,687
Net OPEB Obligation, Beginning of Year	<u>1,906,831</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,271,518</u></u>

The allocation of the OPEB liability as of December 31, 2014 was as follows:

Governmental Activities	\$ 2,185,301
Business-Type Activities	
Water Fund	43,398
Sewer Fund	7,938
Ambler Waste Water Treatment Plant	<u>34,881</u>
Net OPEB Obligation	<u><u>\$ 2,271,518</u></u>

The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$3,557,072, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$3,557,072. The covered payroll (annual payroll of active participating employees) was \$3,045,447, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 117 percent.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

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 and termination, mortality, and the healthcare cost trends. Amounts 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 provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. 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.

The Borough's OPEB actuarial valuation as of January 1, 2012, used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2012 and to estimate the Borough's annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost.

Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 8% initially for the 2012 year, reduced by 1% per year to an ultimate rate of 5%. The unfunded actuarial liability is being amortized over 30 years as a level percent of pay based on the inflation portion of the salary scale only. The remaining amortization period at December 31, 2012 is 30 years.

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements that were implemented by the Borough during the year ended December 31, 2014.

GASB Issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* – The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement was implemented for Police and Non-Uniform Pension Plan's reporting period ending December 31, 2014 and the required disclosures are presented in Note 14.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In November 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement No. 70 specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. The Borough has determined that Statements No. 69 and 70 have no effect on its financial statements.

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Borough:

GASB Statement No. 68, *Accounting for Pension by State and Local Governmental Employers*, will be effective for the Borough for the year ending December 31, 2015. This Statement revised and replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as Statement No. 50, *Pension Disclosures* as they relate to governmental pension plans that are administered as trusts or equivalent arrangements that meet certain criteria. The objective of this Statement is to establish standards for governmental employer recognition, measurement and presentation of information about their liability for governmental defined benefit pension plans. This Statement will have a significant impact by requiring acceleration of the recognition of the pension liability and added disclosures. Liabilities would be recorded based on actuarial liabilities, net of actuarial assets, instead of the current requirement to only record a liability based on the deficiency of annual required contributions.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, “which resolves transition issues in GASB Statement No.68, “Accounting and Financial Reporting for Pensions.”* This statement eliminates a potential source of understatement of restated net position and expense in a government’s first year of implementing Statement No. 68. To correct this potential understatement, Statement No. 71 requires that when a government is transitioning to the new pension standards, it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions. Statement No. 71 is effective concurrent with Statement No. 68 for the year ending December 31, 2015.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). The objectives of this Statement are to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures around fair value measurements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2015. The Borough has not yet completed the process of evaluating the impact of GASB 72 on its financial statements.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014
(UNAUDITED)**

**BOROUGH OF AMBLER
MUNICIPAL (NON-UNIFORMED) EMPLOYEES DEFINED PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2009	\$ 2,922,576	\$ 2,969,139	98.43%	\$ (46,563)	\$ 1,591,178	-2.93%
January 1, 2011	3,433,236	3,448,839	99.55%	(15,603)	1,771,631	-0.88%
January 1, 2013	3,859,620	3,475,928	111.04%	383,692	1,736,679	22.09%

NOTE: Actuarial reports are prepared biennially.

**BOROUGH OF AMBLER
MUNICIPAL (NON-UNIFORMED) EMPLOYEES DEFINED PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 32,825	100%
2010	-	N/A
2011	78,602	100%
2012	83,830	100%
2013	83,830	100%
2014	89,819	100%

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014
(UNAUDITED)**

**BOROUGH OF AMBLER
MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2009	6,743,684	5,175,738	130.29%	1,567,946	1,051,854	149.06%
January 1, 2011	7,458,394	5,416,764	137.69%	2,041,630	1,195,169	170.82%
January 1, 2013	7,669,350	6,235,948	122.99%	1,433,402	1,238,121	115.77%

NOTE: Actuarial reports are prepared biennially.

**BOROUGH OF AMBLER
MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ -	N/A
2010	-	N/A
2011	-	N/A
2012	-	N/A
2013	-	N/A
2014	-	N/A

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS – SCHEDULES OF CHANGES IN THE EMPLOYER’S
NET PENSION LIABILITY AND RELATED RATIOS CALCULATED IN ACCORDANCE
WITH GASB 67
DECEMBER 31, 2014
(UNAUDITED)

	Non-Uniform Pension Plan	Police Pension Plan
Total Pension Liability		
Service Cost	\$ 108,733	\$ 185,346
Interest	287,860	485,671
Benefit Payments	(86,889)	(196,708)
Difference Between Actual and Expected, if any	(77,140)	21,162
Assumption Changes	-	-
Net Change in Total Pension Liability	<u>232,564</u>	<u>495,471</u>
Total Pension Liability - Beginning	<u>3,885,200</u>	<u>6,582,169</u>
Total Pension Liability - Ending (a)	<u><u>\$ 4,117,764</u></u>	<u><u>\$ 7,077,640</u></u>
 Plan Fiduciary Net Position		
Contribution - Employer and State Aid	106,693	28,315
Contribution - Member	52,701	-
Other Income	2,073	495
Net Investment Income	361,171	877,758
Benefit Payments	(86,889)	(196,708)
Administrative Expense	(24,596)	(42,156)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>411,153</u>	<u>667,704</u>
Plan Fiduciary Net Position - Beginning	<u>4,718,281</u>	<u>8,915,877</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 5,129,434</u></u>	<u><u>\$ 9,583,581</u></u>
 Net Pension Liability (Asset) (a-b)	<u><u>\$ (1,011,670)</u></u>	<u><u>\$ (2,505,941)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	124.57%	135.41%
 Covered Employee Payroll	\$ 1,845,636	\$ 1,030,020
 Net Pension Liability as a Percentage of Covered Employee Payroll	-54.81%	-243.29%

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS – SCHEDULES OF EMPLOYER CONTRIBUTIONS,
INVESTMENT RETURNS AND EMPLOYER’S NET PENSION LIABILITY
CALCULATED IN ACCORDANCE WITH GASB 67
DECEMBER 31, 2014
(UNAUDITED)

Schedule of Employer Contributions*

	Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
Non-Uniform Pension Plan	2014	\$ 89,819	\$ 106,693	\$ (16,874)	\$ 1,845,636	5.78%
Police Pension Plan	2014	\$ -	\$ 28,315	\$ (28,315)	\$ 1,030,020	2.75%

Schedule of Investment Returns*

Actual Money Weighted Rate of Return, Net of Investment Expense 6.20%

Schedule of the Employer's Net Pension Liability*

	Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
Non-Uniform Pension Plan	2014	\$ 4,117,764	\$ 5,129,434	\$ (1,011,670)	124.57%	\$ 1,845,636	-54.81%
Police Pension Plan	2014	\$ 7,077,640	\$ 9,583,581	\$ (2,505,941)	135.41%	\$ 1,030,020	-243.29%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE RECEIPTS				
Taxes from Current Levy				
Real Estate	\$ 1,563,601	\$ 1,563,601	\$ 1,660,316	\$ 96,715
Earned Income Tax	700,000	700,000	796,483	96,483
Business Privilege Tax	75,000	75,000	513,839	438,839
Emergency Municipal Service Tax	88,000	88,000	98,263	10,263
Total	2,426,601	2,426,601	3,068,901	642,300
Delinquent and Overdue Taxes	25,000	25,000	23,537	(1,463)
Licenses and Permits				
Beverage	500	500	1,600	1,100
Building	50,500	50,500	116,651	66,151
Street Pole	2,000	2,000	2,925	925
Apartment Permits	52,000	52,000	47,725	(4,275)
Cable Television Franchise	120,000	120,000	136,390	16,390
Other	14,300	14,300	2,489	(11,811)
Total Licenses and Permits	239,300	239,300	307,780	68,480
Fines, Forfeits and Costs				
Motor Vehicle Code Violations	40,000	40,000	38,225	(1,775)
Violations and Ordinances	12,000	12,000	2,050	(9,950)
Interest on Investments	16,000	16,000	20,842	4,842
Foreign Casualty and Pension	-	-	118,134	118,134
TEA Grants	520,000	520,000	-	(520,000)
Other Grants	-	-	7,447	7,447
Annual Recycling Grant	-	-	26,729	26,729
Revitalization Grant	200,000	200,000	-	(200,000)
Deed Transfer Tax	90,000	90,000	95,119	5,119
Refuse Collection	601,500	601,500	644,093	42,593
Public Utility Realty Tax	-	-	3,527	3,527
Total	1,479,500	1,479,500	956,166	(523,334)

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE RECEIPTS				
Other Receipts				
Parking Meters, Lot Rental	\$ 90,000	\$ 90,000	\$ 83,538	\$ (6,462)
Water Line Protection	20,000	20,000	28,233	8,233
Miscellaneous, Other	4,900	4,900	23,207	18,307
Refunds, Crossing Guards	49,000	49,000	25,168	(23,832)
Waste Water Reimbursement	55,000	55,000	58,008	3,008
Total Other Receipts	<u>218,900</u>	<u>218,900</u>	<u>218,154</u>	<u>(746)</u>
 Total Revenues	 4,389,301	 4,389,301	 4,574,538	 185,237
GOVERNMENTAL EXPENDITURES				
General Government Administration				
Wages	108,371	108,371	118,867	(10,496)
Social Security	60,000	60,000	34,009	25,991
Auditing, Accounting and Consulting	14,000	14,000	25,215	(11,215)
Solicitor's Fees	20,000	20,000	17,997	2,003
Engineer's Fees	15,000	15,000	40,981	(25,981)
Postage, Printing and Advertising	3,600	3,600	9,044	(5,444)
Office Supplies and Equipment Rental	6,342	6,342	6,138	204
Other	9,000	9,000	5,988	3,012
Newsletter Expense	2,800	2,800	796	2,004
Association Dues and Convention Expense	1,900	1,900	4,239	(2,339)
Computer Expense	14,000	14,000	10,159	3,841
Total General Government Administration	<u>255,013</u>	<u>255,013</u>	<u>273,433</u>	<u>(18,420)</u>
 Tax Collection				
Salary of Tax Collector	7,780	7,780	7,780	-
Other Expense	3,700	3,700	3,753	(53)
Total Tax Collection	<u>11,480</u>	<u>11,480</u>	<u>11,533</u>	<u>(53)</u>
 Borough Office				
Repairs to Borough Building and Offices	16,300	16,300	27,046	(10,746)
Fuel, Utilities	14,500	14,500	18,914	(4,414)
Total Borough Office	<u>30,800</u>	<u>30,800</u>	<u>45,960</u>	<u>(15,160)</u>

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GOVERNMENTAL EXPENDITURES				
Protection to Persons and Property				
Police Protection				
Salaries	\$ 1,401,335	\$ 1,401,335	\$ 1,368,377	\$ 32,958
Benefits, Taxes	351,100	351,100	354,665	(3,565)
Office Supplies	2,000	2,000	1,686	314
Advertising and Printing	1,000	1,000	1,140	(140)
Uniforms	10,500	10,500	10,977	(477)
Car Maintenance and Repair	26,200	26,200	18,097	8,103
Gas and Oil	35,000	35,000	32,126	2,874
Communications	16,500	16,500	11,260	5,240
Minor Equipment	10,000	10,000	4,588	5,412
Materials and Supplies	3,000	3,000	1,901	1,099
Other, Conventions and Seminars	3,500	3,500	4,478	(978)
Other	3,900	3,900	3,297	603
Insurance	40,000	40,000	36,914	3,086
Workmen's Compensation	49,000	49,000	40,238	8,762
Legal	14,000	14,000	14,001	(1)
Computer Expense	10,000	10,000	9,423	577
Total Police Protection	<u>1,977,035</u>	<u>1,977,035</u>	<u>1,913,168</u>	<u>63,867</u>
Fire Protection				
Salaries	<u>12,875</u>	<u>12,875</u>	<u>8,251</u>	<u>4,624</u>
Total Fire Protection	<u>12,875</u>	<u>12,875</u>	<u>8,251</u>	<u>4,624</u>
Planning Commission				
Zoning, Building and Plumbing				
Inspection Services	83,861	83,861	78,873	4,988
General Expense	1,100	1,100	1,754	(654)
Montgomery County Planning Commission	11,000	11,000	5,535	5,465
Contracted Services	24,000	24,000	40,908	(16,908)
Legal Services	12,900	12,900	18,252	(5,352)
Shade Tree Expense	500	500	-	500
Total Planning Commission	<u>133,361</u>	<u>133,361</u>	<u>145,322</u>	<u>(11,961)</u>

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
GOVERNMENTAL EXPENDITURES				
Health and Sanitation				
Board of Health				
Salaries and Wages	\$ 29,870	\$ 29,870	\$ 85,493	\$ (55,623)
Benefits, Taxes	-	-	6,540	(6,540)
General Expense	100	100	281	(181)
Garbage and Trash Collection	456,000	456,000	444,136	11,864
Total Health and Sanitation	<u>485,970</u>	<u>485,970</u>	<u>536,450</u>	<u>(50,480)</u>
Highways				
Streets and Bridges				
Street Signs and Markings	40,690	40,690	37,270	3,420
Snow Removal	18,500	18,500	56,134	(37,634)
Cleaning Streets and Gutters	38,580	38,580	24,971	13,609
Storm Water Drains and Roads	14,165	14,165	23,072	(8,907)
Parking Lot Paving	208,208	208,208	138,620	69,588
Road and Highway Maintenance	382,318	382,318	903,498	(521,180)
Capital Outlay	-	-	48,356	(48,356)
Total Highway	<u>702,461</u>	<u>702,461</u>	<u>1,231,921</u>	<u>(529,460)</u>
Total Governmental Expenditures	3,608,995	3,608,995	4,166,038	(557,043)
MISCELLANEOUS EXPENDITURES				
Insurance	16,000	16,000	15,039	961
Payroll Taxes and Benefits	78,366	78,366	174,653	(96,287)
Civic Contributions	10,400	10,400	7,247	3,153
Debt Contribution	10,000	10,000	-	10,000
Main Street Manager Expense	1,000	1,000	4,426	(3,426)
Revitalization and Redevelopment	735,000	735,000	37,455	697,545
Total Miscellaneous Expenditures	<u>850,766</u>	<u>850,766</u>	<u>238,820</u>	<u>611,946</u>

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Expenditures	4,459,761	4,459,761	4,404,858	54,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,460)	(70,460)	169,680	240,140
Other Financing Sources				
Proceeds from Capital Lease	-	-	49,496	-
Total Other Financing Sources	-	-	49,496	-
Net Change in Fund Balance	\$ (70,460)	\$ (70,460)	219,176	\$ 289,636
Fund Balance - Beginning of Year (Budgetary Basis)			1,806,027	
Fund Balance - End of Year (Budgetary Basis)			2,025,203	
Non-GAAP Budgetary Basis Reconciliation				
Other Unbudgeted General Funds Ending Fund Balance: Transfers Out			(3,631)	
Fund Balance - General Fund - End of Year (GAAP Basis)			\$ 2,021,572	

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HIGHWAY FUND
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
State Motor Vehicle Fuel Tax	\$ 115,000	\$ 115,000	\$ 122,496	\$ 7,496
Interest on Investments	3,201	3,201	4,821	1,620
Total Revenues	118,201	118,201	127,317	9,116
EXPENDITURES				
Street Cleaning	2,500	2,500	17,800	(15,300)
Snow Removal	16,000	16,000	27,258	(11,258)
Capital Outlay	-	-	281,139	(281,139)
Engineering	2,500	2,500	16,382	(13,882)
Miscellaneous	2,600	2,600	-	2,600
Total Expenditures	23,600	23,600	342,579	(318,979)
NET CHANGES IN FUND BALANCE	\$ 94,601	\$ 94,601	(215,262)	\$ 328,095
Fund Balance - Beginning of Year			948,578	
FUND BALANCE - END OF YEAR			\$ 733,316	

**BOROUGH OF AMBLER
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)**

	Non-Major Special Revenue Funds				Total
	Street Lighting Fund	Fire Fund	Recreation Fund	Revolving Loan Fund	
ASSETS					
Cash and Cash Equivalents	\$ 175,835	\$ 14,967	\$ 73,799	\$ 23,004	\$ 287,605
Taxes Receivable	965	965	764	-	2,694
Accounts Receivable	8,020	-	-	310,000	318,020
Total Assets	\$ 184,820	\$ 15,932	\$ 74,563	\$ 333,004	\$ 608,319
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 5,449	\$ 8,571	\$ 1,637	\$ -	\$ 15,657
Due to Other Funds	-	7,355	-	-	7,355
Total Liabilities	5,449	15,926	1,637	-	23,012
FUND BALANCES					
Restricted	179,371	6	72,926	310,000	562,303
Assigned	-	-	-	23,004	23,004
Total Fund Balances	179,371	6	72,926	333,004	585,307
Total Liabilities and Fund Balances	\$ 184,820	\$ 15,932	\$ 74,563	\$ 333,004	\$ 608,319

**BOROUGH OF AMBLER
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)**

	Non-Major Capital Project Fund	Debt Service	Total Non-Major Funds
ASSETS	Rail Corridor Fund	Debt Service	Total Non-Major Funds
Cash and Cash Equivalents	\$ -	\$ 269,518	\$ 557,123
Taxes Receivable	-	-	2,694
Accounts Receivable	-	-	318,020
	-	-	318,020
Total Assets	\$ -	\$ 269,518	\$ 877,837
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 15,657
Due to Other Funds	-	-	7,355
Total Liabilities	-	-	23,012
FUND BALANCES (DEFICIT)			
Restricted	-	269,518	831,821
Assigned	-	-	23,004
Total Fund Balances (Deficit)	-	269,518	854,825
Total Liabilities and Fund Balances	\$ -	\$ 269,518	\$ 877,837

BOROUGH OF AMBLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Special Revenue Funds					Total
	Street Lighting Fund	Fire Fund	Recreation Fund	Health and Accident Fund	Revolving Loan Fund	
REVENUES						
Taxes	\$ 91,653	\$ 97,803	\$ 65,799	\$ -	\$ -	\$ 255,255
Foreign Fire Relief	-	45,764	-	-	-	45,764
Interest on Investments	860	338	449	-	2,410	4,057
Contribution from Lower Gwynedd	-	16,241	-	-	-	16,241
Total Revenues	<u>92,513</u>	<u>160,146</u>	<u>66,248</u>	<u>-</u>	<u>2,410</u>	<u>321,317</u>
EXPENDITURES						
Street Lighting	90,697	-	-	-	-	90,697
Fire	-	163,780	-	-	-	163,780
Recreation	-	-	84,962	-	-	84,962
Administration Expense	-	-	-	8	-	8
Total Expenditures	<u>90,697</u>	<u>163,780</u>	<u>84,962</u>	<u>8</u>	<u>-</u>	<u>339,447</u>
NET CHANGES IN FUND BALANCES	1,816	(3,634)	(18,714)	(8)	2,410	(18,130)
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	-	3,631	-	-	-	3,631
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,631</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,816	(3)	(18,714)	(8)	2,410	(14,499)
Fund Balances - Beginning of Year	<u>177,555</u>	<u>9</u>	<u>91,640</u>	<u>8</u>	<u>330,594</u>	<u>599,806</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 179,371</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 72,926</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 333,004</u></u>	<u><u>\$ 585,307</u></u>

BOROUGH OF AMBLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Capital Project Fund		Total Non-Major Funds
	Rail Corridor Fund	Debt Service	
REVENUES			
Taxes	\$ -	\$ 1,009	\$ 256,264
Foreign Fire Relief	-	-	45,764
Interest on Investments	-	1,420	5,477
Contribution from Lower Gwynedd	-	-	16,241
Total Revenues	<u>-</u>	<u>2,429</u>	<u>323,746</u>
EXPENDITURES			
Street Lighting	-	-	90,697
Fire	-	-	163,780
Recreation	-	-	84,962
Administration Expense	5	-	13
Total Expenditures	<u>5</u>	<u>-</u>	<u>339,452</u>
NET CHANGES IN FUND BALANCES	(5)	2,429	(15,706)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	-	-	3,631
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,631</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5)	2,429	(12,075)
Fund Balances - Beginning of Year	<u>5</u>	<u>267,089</u>	<u>866,900</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 269,518</u></u>	<u><u>\$ 854,825</u></u>

**BOROUGH OF AMBLER
 COMBINING STATEMENT OF PLAN NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2014**

	Pension Trust Funds		Total
	Police	Non-Uniformed Employees	
ASSETS			
Accrued Income	\$ 6,050	\$ 2,887	\$ 8,937
Investments:			
Stocks, at Fair Value	4,767,525	2,587,484	7,355,009
Mutual Funds, at Fair Value	4,810,006	2,539,063	7,349,069
 Total Assets	 \$ 9,583,581	 \$ 5,129,434	 \$ 14,713,015
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
(a Schedule of Funding Progress is Presented on Pages 55 and 56)	\$ 9,583,581	\$ 5,129,434	\$ 14,713,015

BOROUGH OF AMBLER
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Pension Trust Funds		Total
	Police	Non-Uniformed Employees	
ADDITIONS			
Contributions:			
Plan Members	\$ -	\$ 52,701	\$ 52,701
Employer	28,315	106,693	135,008
Other Contributions	495	2,073	2,568
Total Contributions	<u>28,810</u>	<u>161,467</u>	<u>190,277</u>
Investment Earnings:			
Net Appreciation in Fair Value of Investments	514,823	242,254	757,077
Interest and Dividends	362,935	118,917	481,852
Total Investment Earnings	<u>877,758</u>	<u>361,171</u>	<u>1,238,929</u>
Less Investment Expense	15,450	8,303	23,753
Net Investment Earnings	<u>862,308</u>	<u>352,868</u>	<u>1,215,176</u>
Total Additions	891,118	514,335	1,405,453
DEDUCTIONS			
Benefits	196,708	86,889	283,597
Administration and Other	26,706	16,291	42,997
Total Deductions	<u>223,414</u>	<u>103,180</u>	<u>326,594</u>
CHANGE IN NET POSITION	667,704	411,155	1,078,859
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Net Position - Beginning of Year	<u>8,915,877</u>	<u>4,718,279</u>	<u>13,634,156</u>
Net Position - End of Year	<u>\$ 9,583,581</u>	<u>\$ 5,129,434</u>	<u>\$ 14,713,015</u>

BOROUGH OF AMBLER
SCHEDULE OF LIENED PROPERTY TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

	Real Estate				
	Total	Borough	Fire	Street Lights	Recreation
Original Levy	\$ 1,935,317	\$ 1,681,271	\$ 91,342	\$ 91,342	\$ 71,361
Interim Levis and Adjustments	(2,009)	(1,745)	(95)	(95)	(74)
Total Levy	1,933,308	1,679,526	91,248	91,248	71,287
Less: Collections at Face	1,912,013	1,660,316	96,523	90,374	64,800
Outstanding, December 31, 2014	\$ 21,295	\$ 19,210	\$ (5,275)	\$ 874	\$ 6,487

2014 ASSESSED VALUATION

Original Real Estate Assessment	\$ 285,444,980
Interim Levis and Adjustments	(296,330)
Total Assessment as Confirmed by the Board of Assessment Appeals	\$ 285,148,650

Taxes in 2014 were assessed as follows:

General Fund General Purpose	5.89
Fire Tax	0.32
Street Lighting Tax	0.32
Recreation Tax	0.25
Total Mills	6.78