

BOROUGH OF JENKINTOWN
FINANCIAL REPORT
DECEMBER 31, 2014



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INDEPENDENT AUDITOR'S REPORT

Members of Council
Borough of Jenkintown

We have audited the accompanying financial report (Form DCED-CLGS-30) of the Borough of Jenkintown, Montgomery County (the Borough), as of and for the year ended December 31, 2014, and the related notes to the annual audit and financial report, which comprise the Borough's financial report.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial report in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, 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 report 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report referred to above presents fairly, in all material respects, the cash and investment balances of the Borough of Jenkintown as of December 31, 2014, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described above.

Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the governing body and management of the Borough of Jenkintown, and for filing with the Commonwealth of Pennsylvania Department of Community & Economic Development and Montgomery County Clerk of Courts. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

MDG, LLC

MDG, LLC

March 27, 2015

**2014 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

406513 JENKINTOWN BORO, MONTGOMERY COUNTY

JENKINTOWN BORO, MONTGOMERY COUNTY
BALANCE SHEET

December 31, 2014

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State liquid Fuels)	Capital Projects	Debt Service	(Enterprise)	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities										-
240-259	Current Portion of Long-Term Debt and Other Credits										-
Total Liabilities and Other Credits		2,438	-	-	-	-	-	794	-	-	3,232
Fund and Account Group Equity											
281-284	Contributed Capital										-
290.00	Investment in General Fixed Assets										-
291-299	Other Equity	982,768	671,137	613,113	146	384,475	-	4,375,332	-	-	7,026,971
Total Fund and Account Group Equity		982,768	671,137	613,113	146	384,475	-	4,375,332	-	-	7,026,971
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											7,030,203

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
355.09	Marcellus Shale Impact Fee Distribution							-
355.00	All Other State Shared Revenues and Entitlements							-
356.00	State Payments in Lieu of Taxes							-
Total State		137,510	85,944	182,355	-	15,537	-	37,580

Local Government Units								
357.03	Highways and Streets							-
357.00	All Other Local Governmental Units Capital and Operating Grants			12,998				12,998
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							-
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							-
Total Local Government Units		-	-	12,998	-	-	-	12,998

Charges for Service								
361.00	General Government							-
362.00	Public Safety	29,597						29,597
363.20	Parking	100,450						100,450
363.00	All Other Charges for Highway & Street Services							-
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)					417,303		417,303
364.30	Solid Waste Collection and Disposal Charge (trash)					255,541		255,541
364.60	Host Municipality Benefit Fee for Solid Waste Facility							-
364.00	All Other Charges for Sanitation Services							-
365.00	Health							-
366.00	Human Services							-
367.00	Culture and Recreation							-

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
368.00	Airports							-
369.00	Bars							-
370.00	Cemeteries							-
372.00	Electric System							-
373.00	Gas System							-
374.00	Housing System							-
375.00	Markets							-
377.00	Transit Systems							-
378.00	Water System							-
379.00	All Other Charges for Service							-
Total Charges for Service		130,047	-	-	-	672,844	-	802,891

Unclassified Operating Revenues								
383.00	Special Assessments							-
386.00	Escheats (sale of personal property)							-
387.00	Contributions and Donations from Private Sectors	3,188	33,940					37,128
388.00	Fiduciary Fund Pension Contributions						235,322	235,322
389.00	All Other Unclassified Operating Revenues							-
Total Unclassified Operating Revenues		3,188	33,940	-	-	-	235,322	272,450

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							-
392.00	Interfund Operating Transfers	33,500	125,870					159,370
393.00	Proceeds of General Long-Term Debt							-
394.00	Proceeds of Short Term-Debt	333,000						333,000

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	10,257						10,257
Total Other Financing Sources		376,757	125,870	-	-	-	-	502,627

TOTAL REVENUES	4,007,557	825,572	195,926	243,540	688,791	-	605,982	6,567,368
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	171,207						171,207
401.00	Executive (Manager or Mayor)	85,000						85,000
402.00	Auditing Services / Financial Administration	41,040						41,040
403.00	Tax Collection	49,725						49,725
404.00	Solicitor / Legal Services	95,418						95,418
405.00	Secretary / Clerk							-
406.00	Other General Government Administration							-
407.00	IT-Networking Services-Data Processing	33,048						33,048
408.00	Engineering Services							-
409.00	General Government Buildings and Plant	45,676						45,676
Total General Government		521,114	-	-	-	-	-	521,114

Public Safety								
410.00	Police	1,387,309	14,560					1,401,869
411.00	Fire		122,823				37,580	160,403
412.00	Ambulance / Rescue							-
413.00	UCC and Code Enforcement	6,663						6,663
414.00	Planning and Zoning	13,595						13,595
415.00	Emergency Management and Communications							-

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety								
416.00	Militia and Armories							-
417.00	Examination of Licensed Occupations							-
418.00	Public Scales (weights and measures)							-
419.00	Other Public Safety	28,956						28,956
Total Public Safety		1,436,523	137,383	-	-	-	37,580	1,611,486

Health and Human Services								
420.00- 425.00	Health and Human Services	150						150
Total Health and Human Services		150	-	-	-	-	-	150

Public Works - Sanitation								
426.00	Recycling Collection and Disposal					3,586		3,586
427.00	Solid Waste Collection and Disposal (garbage)					286,553		286,553
428.00	Weed Control							-
429.00	Wastewater / Sewage Treatment and Collection					337,666		337,666
Total Public Works - Sanitation		-	-	-	-	627,805	-	627,805

Public Works - Highways and Streets								
430.00	General Services - Administration	241,308	19,351					260,659
431.00	Cleaning of Streets and Gutters							-
432.00	Winter Maintenance - Snow Removal		34,136					34,136
433.00	Traffic Control Devices	18,489	1,550					20,039
434.00	Street Lighting		58,682					58,682
435.00	Sidewalks and Crosswalks		21,843					21,843
436.00	Storm Sewers and Drains							-

JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets							
437.00	Repairs of Tools and Machinery	37,175	918				38,093
438.00	Maintenance and Repairs of Roads and Bridges		109,594				109,594
439.00	Highway Construction and Rebuilding Projects		1,649	70,045			71,694
Total Public Works - Highways and Streets		296,972	247,723	70,045	-	-	614,740

Other Public Works Enterprises							
440.00	Airports						-
441.00	Cemeteries						-
442.00	Electric System						-
443.00	Gas System						-
444.00	Markets						-
445.00	Parking	34,248					34,248
446.00	Storm Water and Flood Control						-
447.00	Transit System						-
448.00	Water System		22,271				22,271
449.00	Water Transport and Terminals						-
Total Other Public Works Enterprises		34,248	22,271	-	-	-	56,519

Culture and Recreation							
451.00	Culture-Recreation Administration	1,000	255				1,255
452.00	Participant Recreation	10,459					10,459
453.00	Spectator Recreation						-
454.00	Parks						-
455.00	Shade Trees						-
456.00	Libraries		234,334				234,334

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation

457.00	Civil and Military Celebrations							-
458.00	Senior Citizens' Centers							-
459.00	All Other Culture and Recreation							-
Total Culture and Recreation		11,459	234,589	-	-	-	-	246,048

Community Development

461.00	Conservation of Natural Resources							-
462.00	Community Development and Housing							-
463.00	Economic Development							-
464.00	Economic Opportunity							-
465-469	All Other Community Development	6,317						6,317
Total Community Development		6,317	-	-	-	-	-	6,317

Debt Service

471.00	Debt Principal (short-term and long-term)	338,159	39,037	-	139,000			516,196
472.00	Debt Interest (short-term and long-term)	6,949	5,047	-	104,394			116,390
475.00	Fiscal Agent Fees							-
Total Debt Service		345,108	44,084	-	243,394	-	-	632,586

Employer Paid Benefits and Withholding Items

481.00	Employer Paid Withholding Taxes and Unemployment Compensation	82,289						82,289
482.00	Judgments and Losses	250,000						250,000
483.00	Pension / Retirement Fund Contributions	172,038						172,038
484.00	Worker Compensation Insurance	93,328						93,328

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items							
487.00	Other Group Insurance Benefits	389,219					389,219
Total Employer Paid Benefits and Withholding Items		986,874	-	-	-	-	986,874

Insurance							
486.00	Insurance, Casualty, and Surety	57,865					57,865
Total Insurance		57,865	-	-	-	-	57,865

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid					218,342	218,342
489.00	All Other Unclassified Expenditures					41,055	41,055
Total Unclassified Operating Expenditures		-	-	-	-	259,397	259,397

Other Financing Uses							
491.00	Refund of Prior Year Revenues	28,023					28,023
492.00	Interfund Operating Transfers	47,000	78,870	-	-	33,500	159,370
493.00	All Other Financing Uses						-
Total Other Financing Uses		75,023	78,870	-	-	33,500	187,393

TOTAL EXPENDITURES	3,771,653	764,920	70,045	243,394	661,305	-	296,977	5,808,294
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	235,904	60,652	125,881	146	27,486	-	309,005	759,074
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JENKINTOWN BORO, MONTGOMERY COUNTY
December 31, 2014

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Lease (C) Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
General Obligation Note	Note	2008	2028	3,460,800	2,875,776		139,000		2,736,776		2,736,776
									-		-
									-		-
									-		-
									-		-
									-		-
									-		-
Revenue Bonds and Notes											
TRAN Note		2014	2014	333,000	-	333,000	333,000		-		-
									-		-
									-		-
									-		-
									-		-
Lease Rental Debt											
Capital lease	Capital Lease	2012	2017	26,212	17,682		5,159		12,523		12,523
Capital lease	Capital Lease	2012	2017	197,885	122,755		39,037		83,718		83,718
									-		-
									-		-
Other											
									-		-
									-		-

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	2,736,776
Capitalized lease obligations	96,241
Net debt	2,833,017

**JENKINTOWN BORO, MONTGOMERY COUNTY
STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2014

Category	Capital Purchases	Capital Construction	Total
Electric			-
Fire			-
Gas System			-
General Government	23,993		23,993
Health			-
Housing			-
Libraries			-
Mass Transit			-
Parks			-
Police	8,578		8,578
Recreation			-
Sewer			-
Solid Waste			-
Streets / Highways	27,285	199,623	226,908
Water			-
Other: _____			-
Community Development			-
TOTAL CAPITAL EXPENDITURES	59,856	199,623	259,479

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

1,743,100

BOROUGH OF JENKINTOWN
NOTES TO THE ANNUAL AUDIT AND FINANCIAL REPORT
DECEMBER 31, 2014

Note 1: Nature of operations, reporting entity and basis of accounting

Nature of operations

The Borough of Jenkintown was incorporated in 1874 and operates as a borough under the Commonwealth of Pennsylvania Borough Code. The Borough operates under a mayor/council form of government with twelve council members. The Borough provides the following services: public safety (police and fire), health, highways and streets, sanitation, recreation, planning and zoning, and general administrative services.

Reporting entity

In evaluating how to define the Borough for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate a potential component unit for inclusion or exclusion from the reporting entity is the existence of special responsibilities. Based upon the application of these criteria, the Borough of Jenkintown has no component units.

Basis of accounting

The Borough's policy is to prepare its report on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. This basis of accounting differs from U.S. generally accepted accounting principles in that revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

Note 2: Cash and investments

Cash and investments of \$7,029,891 are stated at cost as of December 31, 2014. The fair market value at December 31, 2014 is \$7,654,461, which indicates a net unrealized gain of \$624,570 as of December 31, 2014.

Note 3: Legal proceedings

In 2013, the Borough received a notice from a property owner seeking compensation of \$525,000 for a condemnation preceding that occurred in 1998. In 2014, the Borough paid the property owner \$250,000 based on an appraisal the Borough obtained. The property owner is still seeking payment of the higher amount. The ultimate resolution of this matter has not been determined.

BOROUGH OF JENKINTOWN
NOTES TO THE ANNUAL AUDIT AND FINANCIAL REPORT (CONTINUED)
DECEMBER 31, 2014

Note 3: Legal proceedings (continued)

The Borough is currently involved in other pending proceedings. The outcome of these proceedings cannot be determined presently, but the damages claimed, if ultimately proven and assessed, would not have a material effect on the Borough's financial condition.

Note 4: Subsequent events

Subsequent events were evaluated through March 27, 2015, which is the date the financial report was available to be issued.