

BOROUGH OF SEWICKLEY



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

AUDIT OF FINANCIAL STATEMENTS

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEAR ENDED DECEMBER 31, 2009

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

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BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

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**Borough Council
Borough of Sewickley**

Independent Auditor's Report

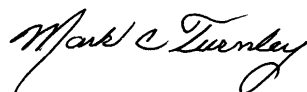
I have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Sewickley as of and for the year ended December 31, 2009, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Borough Council. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

The financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Sewickley, Allegheny County, Pennsylvania as of December 31, 2009 and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and defined benefit trust funds' historical pension information on pages iii-xvi and 43-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Sewickley's financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive style with a large, stylized initial "M".

Mark C. Turnley, CPA

July 27, 2010
Ambridge, Pennsylvania

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 8,162	\$ 25,582	\$ 33,744
Investments	213	-	213
Due from other Governments	56,719	-	56,719
Internal Balances	605,477	(605,477)	-
Utilities Receivable	-	442,973	442,973
Taxes Receivable (Net)	532,345	-	532,345
Other Accounts Receivable	84,712	5,366	90,078
Total Current Assets	\$ 1,287,628	\$ (131,556)	\$ 1,156,072
Noncurrent Assets:			
Land	\$ 285,326	\$ -	\$ 285,326
Infrastructure (net)	3,218,465	-	3,218,465
Site Improvements (net)	1,015,820	-	1,015,820
Buildings and Improvement (net)	580,782	2,652,336	3,233,118
Equipment (net)	1,445,193	502,991	1,948,184
Storm sewers (net)	-	760,055	760,055
Construction in Progress	406,823	391,984	798,807
Unamortized Bond Issue Costs	28,377	14,245	42,622
Total Noncurrent Assets	\$ 6,980,786	\$ 4,321,611	\$ 11,302,397
TOTAL ASSETS	\$ 8,268,414	\$ 4,190,055	\$ 12,458,469
LIABILITIES			
Current Liabilities:			
Payroll Deductions and Withholdings	\$ 5,180	\$ -	\$ 5,180
Payroll Payable	19,164	3,122	22,286
Accounts Payable	707,368	154,672	862,040
Retainage Payable	14,366	-	14,366
Due to Other Governmental Units	-	13,288	13,288
Bonds Payable - Current Portion	106,950	48,050	155,000
Notes Payable - Current Portion	87,548	243,671	331,219
Leases Payable - Current Portion	19,649	-	19,649
Deferred Revenue	49,500	-	49,500
Accrued Interest Payable	5,064	-	5,064
Total Current Liabilities	\$ 1,014,789	\$ 462,803	\$ 1,477,592
Noncurrent Liabilities:			
Bonds Payable - Long Term Portion	\$ 990,500	\$ 519,500	\$ 1,510,000
Notes Payable - Long Term Portion	302,679	847,357	1,150,036
Leases Payable - Long Term Portion	6,519	-	6,519
Accrued Compensated Absences	183,251	14,986	198,237
Total Noncurrent Liabilities	\$ 1,482,949	\$ 1,381,843	\$ 2,864,792
TOTAL LIABILITIES	\$ 2,497,738	\$ 1,844,646	\$ 4,342,384
NET ASSETS			
Invested in Capital Assets Net of Related Debt	\$ 5,438,564	\$ 2,648,788	\$ 8,087,352
Restricted for Highways and Streets	31,302	-	31,302
Unrestricted (Deficit)	300,810	(303,379)	(2,569)
TOTAL NET ASSETS	\$ 5,770,676	\$ 2,345,409	\$ 8,116,085

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,078,369	\$ 42,907	\$ 17,634	\$ -	\$ (1,017,828)		\$ (1,017,828)
Public Safety - Police	1,431,617	565,701	94,620	-	(771,296)		(771,296)
Public Safety - Fire	174,224	59,757	30,566	-	(83,901)		(83,901)
Public Safety - Other	123,017	8,000	-	-	(115,017)		(115,017)
Public Works - Highways	1,377,918	43,544	84,490	-	(1,249,884)		(1,249,884)
Culture and Recreation	237,629	11,560	112,500	-	(113,569)		(113,569)
Debt Service	74,123	-	-	-	(74,123)		(74,123)
Miscellaneous	32,961	-	-	-	(32,961)		(32,961)
Total Governmental Activities	\$ 4,529,858	\$ 731,469	\$ 339,810	\$ -	\$ (3,458,579)		\$ (3,458,579)
Business-Type activities:							
Sewer	\$ 962,139	\$ 1,189,492	\$ -	\$ -		\$ 227,353	\$ 227,353
Total Business-Type Activities	\$ 962,139	\$ 1,189,492	\$ -	\$ -		\$ 227,353	\$ 227,353
Total Primary Government	\$ 5,491,997	\$ 1,920,961	\$ 339,810	\$ -	\$ (3,458,579)	\$ 227,353	\$ (3,231,226)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes (net)					\$ 2,140,844	\$ -	\$ 2,140,844
Act 511 Taxes					1,259,699	-	1,259,699
Sales Tax					74,068	-	74,068
Cable Franchise Fees					44,335	-	44,335
PURTA/Alcohol Beverage tax					4,368	-	4,368
Investment Earnings					3,312	355	3,667
Miscellaneous					125,080	25,217	150,297
Sale of Fixed Assets					10,265	-	10,265
Interfund transfers					43,590	(43,590)	-
Total General Revenues					\$ 3,705,561	\$ (18,018)	\$ 3,687,543
Change in Net Assets					\$ 246,982	\$ 209,335	\$ 456,317
Net Assets — January 1, 2009					5,523,694	2,136,074	7,659,768
Net Assets — December 31, 2009					\$ 5,770,676	\$ 2,345,409	\$ 8,116,085

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

EXHIBIT C

	GENERAL FUND	CAPITAL RESERVE FUND #6	ROAD CONSTRUCTION AND MAINTENANCE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Cash Equivalents	\$ -	\$ 2,694	\$ 553	\$ 42,059	\$ 45,306
Investments	213	-	-	-	213
Due from Other Governmental Units	24,219	3,000	-	29,500	56,719
Due from Other Funds	649,097	-	383,198	267,972	1,300,267
Taxes Receivable	517,017	-	15,327	-	532,344
Other Accounts Receivable (Net)	84,712	-	-	-	84,712
TOTAL ASSETS	\$ 1,275,258	\$ 5,694	\$ 399,078	\$ 339,531	\$ 2,019,561
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Payroll Deductions and Withholdings	\$ 5,179	\$ -	\$ -	\$ -	\$ 5,179
Due To Other Funds	370,221	268,869	-	55,700	694,790
Payroll Payable	19,164	-	-	-	19,164
Accounts Payable	244,297	55,301	433,034	26,246	758,878
Deferred Revenue	376,368	25,000	-	24,500	425,868
TOTAL LIABILITIES	\$ 1,015,229	\$ 349,170	\$ 433,034	\$ 106,446	\$ 1,903,879
 FUND BALANCES:					
Undesignated - Unreserved:					
General Fund	\$ 260,029	\$ -	\$ -	\$ -	\$ 260,029
Capital Reserve Fund #6	-	(343,476)	-	-	(343,476)
Highway Aid Fund	-	-	-	31,302	31,302
Joint Municipal Planning Committee Fund	-	-	-	(76,840)	(76,840)
Vision and Economic Study Fund	-	-	-	38	38
Capital Reserve Funds 3 & 4	-	-	-	278,585	278,585
Road Construction & Maintenance Fund	-	-	(33,956)	-	(33,956)
TOTAL FUND BALANCES (Deficit)	\$ 260,029	\$ (343,476)	\$ (33,956)	\$ 233,085	\$ 115,682
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 1,275,258	 \$ 5,694	 \$ 399,078	 \$ 339,531	 \$ 2,019,561

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

Total Fund Balances - Governmental Funds \$ 115,682

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different from amounts reported for governmental funds on the balance sheet (Exhibit C) because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$9,366,831, and the accumulated depreciation is \$2,414,422. 6,952,409

Bond issuance costs used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The unamortized portion of these costs is \$28,377. 28,377

Property taxes receivable in the statement of net assets, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 376,368

Long term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year end consist of:

Bonds payable	\$ 1,097,450	
Notes Payable	390,227	
Leases Payable	26,168	
Accrued interest on the bonds	5,064	
Compensated absences	183,251	
	183,251	(1,702,160)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 5,770,676**

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>GENERAL FUND</u>	<u>CAPITAL RESERVE FUND #6</u>	<u>ROAD CONSTRUCTION AND MAINTENANCE FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>					
Taxes	\$ 3,266,904	\$ -	\$ 138,589	\$ -	\$ 3,405,493
Licenses and Permits	55,410	-	-	-	55,410
Fines and Forfeitures	149,520	-	-	-	149,520
Interest and Rents	5,341	36	206	1,360	6,943
Intergovernmental	221,257	115,500	-	119,490	456,247
Contributions and Donations	-	1,500	-	5,000	6,500
Charges for Services	532,243	-	25,000	-	557,243
Miscellaneous	47,450	-	-	1,503	48,953
Total Revenue	\$ 4,278,125	\$ 117,036	\$ 163,795	\$ 127,353	\$ 4,686,309
<u>EXPENDITURES</u>					
General Government	\$ 984,284	\$ 32,596	\$ -	\$ 83,772	\$ 1,100,652
Public Safety	1,710,122	-	-	-	1,710,122
Public Works	905,426	55,508	737,005	-	1,697,939
Culture and Recreation	158,771	146,399	-	-	305,170
Debt Service	116,511	-	-	220,191	336,702
Total Expenditures	\$ 3,875,114	\$ 234,503	\$ 737,005	\$ 303,963	\$ 5,150,585
Excess (Deficiency) of Revenue over Expenditures	\$ 403,011	\$ (117,467)	\$ (573,210)	\$ (176,610)	\$ (464,276)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	\$ 123,340	\$ -	\$ 470,000	\$ 224,402	\$ 817,742
Operating Transfers Out	(626,393)	-	-	(79,707)	(706,100)
Sale of Fixed Assets	-	10,265	-	-	10,265
Refund Prior Year Expenses	231	41,395	-	-	41,626
Refund Prior Year Receipts	(32,753)	-	-	-	(32,753)
Total Other Financing Sources (Uses)	\$ (535,575)	\$ 51,660	\$ 470,000	\$ 144,695	\$ 130,780
NET CHANGE IN FUND BALANCES	\$ (132,564)	\$ (65,807)	\$ (103,210)	\$ (31,915)	\$ (333,496)
FUND BALANCE - JANUARY 1, 2009 (Deficit)	392,593	(277,669)	69,254	265,000	449,178
FUND BALANCE - DECEMBER 31, 2009 (Deficit)	\$ 260,029	\$ (343,476)	\$ (33,956)	\$ 233,085	\$ 115,682

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
RECONCILIATION OF THE GOVERNMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (333,496)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$745,103) exceeds depreciation expense (\$426,560) in the period.	318,543
Bond issuance costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond issue as amortization expense.	(3,153)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	214,710
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	521
Because certain property and wage taxes will not be collected for several months after the Borough's year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues, net of a provision for doubtful accounts, increased by \$4,950	(4,950)
In the statement of activities, certain operating expenses - compensated absences and retiree health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This is the amount by which retiree health benefits and compensated absences earned, exceeded the amount paid in 2009.	54,807

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 246,982**

BOROUGH OF SEWICKLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,229,549	\$ 3,229,549	\$ 3,266,904	\$ 37,355
Licenses and Permits	60,580	60,580	55,410	(5,170)
Fines and Forfeitures	147,000	147,000	149,520	2,520
Interest and Rents	21,000	21,000	5,341	(15,659)
Intergovernmental	230,403	230,403	221,257	(9,146)
Charges for Services	620,637	620,637	532,243	(88,394)
Miscellaneous	53,465	53,465	47,450	(6,015)
Total Revenues	\$ 4,362,634	\$ 4,362,634	\$ 4,278,125	\$ (84,509)
EXPENDITURES				
General Government	\$ 838,734	\$ 838,734	\$ 984,284	\$ (145,550)
Public Safety	1,594,440	1,594,440	1,710,122	(115,682)
Public Works	1,063,893	1,063,893	905,426	158,467
Culture and Recreation	144,578	144,578	158,771	(14,193)
Debt Service	104,841	104,841	116,511	(11,670)
Total Expenditures	\$ 3,746,486	\$ 3,746,486	\$ 3,875,114	\$ (128,628)
Excess (Deficiency) of Revenues over Expenditures	\$ 616,148	\$ 616,148	\$ 403,011	\$ (213,137)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ -	\$ -	\$ 123,340	\$ 123,340
Operating Transfers Out	(684,851)	(684,851)	(626,393)	58,458
Refund of Prior Year Expenses	35,000	35,000	231	(34,769)
Refund of Prior Year Receipts	(10,000)	(10,000)	(32,753)	(22,753)
Total Other Financing Sources (Uses)	\$ (659,851)	\$ (659,851)	\$ (535,575)	\$ 124,276
NET CHANGE IN FUND BALANCES	\$ (43,703)	\$ (43,703)	\$ (132,564)	\$ (88,861)
FUND BALANCE - JANUARY 1, 2009	43,703	43,703	392,593	348,890
FUND BALANCE - DECEMBER 31, 2009	\$ -	\$ -	\$ 260,029	\$ 260,029

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
PROPRIETARY FUND - SEWER FUND
DECEMBER 31, 2009

ASSETS**Current Assets:**

Cash and Cash Equivalents	\$	25,582
Sewer Receivable		442,973
Other Accounts Receivable		5,367
Total Current Assets	\$	<u>473,922</u>

Noncurrent Assets:

Buildings	\$	3,710,617
Equipment		1,682,682
Storm Sewers		790,598
Vehicles		79,471
Work in Progress		391,984
Bond Issue Costs		14,245
Accumulated Depreciation		(2,347,987)
Total Noncurrent Assets	\$	<u>4,321,610</u>

TOTAL ASSETS**\$ 4,795,532****LIABILITIES****Current Liabilities:**

Accounts Payable	\$	154,672
Payroll Payable		3,122
Due to Other Governmental Units		13,288
Due to Other Funds		605,477
Current Portion Long-Term Debt		291,721
Total Current Liabilities	\$	<u>1,068,280</u>

Noncurrent Liabilities:

Bonds Payable - Long term portion	\$	519,500
Notes Payable - Long term portion		847,357
Compensated Absences		14,986
Total Noncurrent Liabilities	\$	<u>1,381,843</u>

TOTAL LIABILITIES**\$ 2,450,123****NET ASSETS**

Invested in Capital Assets Net of Related Debt	\$	2,648,788
Unrestricted (Deficit)		(303,379)
TOTAL NET ASSETS	\$	<u>2,345,409</u>

TOTAL LIABILITIES AND NET ASSETS**\$ 4,795,532**

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

OPERATING REVENUES:

Sewer Rentals	\$ 1,189,492
Total Operating Revenues	\$ 1,189,492

OPERATING EXPENSES:

Salaries and Wages	\$ 242,072
Employee Benefits	130,195
Materials and Supplies	7,705
Chemicals	19,290
Collection Fees - Sewickley Water Authority	32,257
Vehicle	3,650
Engineering	34,834
Insurance	30,399
Utilities	124,904
Uniforms	4,115
Repair and Maintenance	43,311
Contracted Services	12,443
Sludge Disposal	20,981
Depreciation	164,393
Miscellaneous	13,953
Total Operating Expenses	\$ 884,502

TOTAL OPERATING INCOME <LOSS>	\$ 304,990
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NON-OPERATING REVENUE <EXPENSE>:

Interest Income	\$ 355
Interest Expense	(73,839)
Amortization	(1,294)
TOTAL NON-OPERATING REVENUE <EXPENSE>	\$ (74,778)

OTHER FINANCING SOURCES <USES>:

Refund of Prior Year Receipts	\$ (2,504)
Refund of Prior Year Expenses	25,217
Transfer to General Fund	(43,633)
Transfer from General Fund	43
TOTAL OTHER FINANCING SOURCES <USES>	\$ (20,877)

CHANGE IN NET ASSETS	209,335
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NET ASSETS - JANUARY 1, 2009	2,136,074
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NET ASSETS - DECEMBER 31, 2009	\$ 2,345,409
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The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from user charges	\$ 1,067,138
Cash received from miscellaneous sources	25,217
Cash paid to employees for wages and benefits	(363,439)
Cash paid to vendors for goods and services	(336,034)
Net cash provided (used) by operating activities	<u>\$ 392,882</u>

CASH FLOWS FROM CAPITAL AND RELATED**FINANCIAL ACTIVITIES:**

Capital construction and purchases	\$ (142,803)
Bond principal payments	(48,050)
Note principal payments	(240,683)
Interest payments on debt	(73,839)
Net cash provided (used) by capital and related financing activities	<u>\$ (505,375)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	\$ 355
Net cash provided (used) by investing activities	<u>\$ 355</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Interfund transfers	\$ (43,590)
Net cash provided (used) by non-capital financing activities	<u>\$ (43,590)</u>

Net increase (decrease) in cash and cash equivalents (155,728)

Cash and cash equivalents - January 1, 2009 181,310

Cash and cash equivalents - December 31, 2009 \$ 25,582

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET**CASH PROVIDED(USED) BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 319,976
Adjustments to reconcile excess revenues over expenditures provided by (used in) operating activities:	
Depreciation	\$ 164,393
Amortization	1,294
Changes in assets and liabilities:	
(Increase) decrease in water/sewer receivables	(122,204)
(Increase) decrease in other receivables	8,850
Increase (decrease) in accounts payable	23,199
Increase (decrease) in due to other governmental units	3,532
Increase (decrease) in payroll payable	(6,158)
Net cash provided (used) by operating activities	<u>\$ 392,882</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	<u>POLICE PENSION FUND</u>	<u>NON-UNIFORM PENSION FUND</u>
ASSETS		
Cash and Cash Equivalents	\$ 115,490	\$ 146,488
Investments:		
Corporate/Municipal Obligations	979,968	663,307
Equity Securities	1,813,563	1,200,596
Accrued Interest	15,511	10,593
TOTAL ASSETS	<u>\$ 2,924,532</u>	<u>\$ 2,020,984</u>
LIABILITIES		
Other Current Liabilities	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Held in Trust for Pension Benefits	\$ 2,924,532	\$ 2,020,984
TOTAL NET ASSETS	<u>\$ 2,924,532</u>	<u>\$ 2,020,984</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>POLICE PENSION FUND</u>	<u>NON-UNIFORM PENSION FUND</u>
ADDITIONS		
Interest/Dividends	\$ 90,909	\$ 61,282
Realized Gains/(Losses)	(80,884)	(47,985)
Unrealized Appreciation	388,285	255,565
Employer Contributions	91,846	142,492
Other Cash Receipts	3,134	1,442
Transfer from General Fund	207	-
TOTAL ADDITIONS	<u>\$ 493,497</u>	<u>\$ 412,796</u>
DEDUCTIONS		
Benefit Payments	\$ (59,359)	\$ (107,477)
Administrative Expenses	(35,326)	(23,464)
TOTAL DEDUCTIONS	<u>\$ (94,685)</u>	<u>\$ (130,941)</u>
CHANGE IN NET ASSETS	\$ 398,812	\$ 281,855
NET ASSETS - JANUARY 1, 2009	<u>2,525,720</u>	<u>1,739,129</u>
NET ASSETS - DECEMBER 31, 2009	<u>\$ 2,924,532</u>	<u>\$ 2,020,984</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 – DESCRIPTION OF THE BOROUGH AND REPORTING ENTITY

DESCRIPTION

The Borough of Sewickley was incorporated under the provisions governing the creation of municipal corporations in the Commonwealth of Pennsylvania. Members of Borough Council are elected by the voting public. These Council members have complete authority over the operations and administration of the Borough's activities. The major functions of the Borough include public safety, maintenance of Borough infrastructure (roads), maintenance of parks and other recreational facilities for use by Borough residents and general administrative functions necessary to facilitate Borough resident needs and responsibilities.

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Borough of Sewickley consists of all funds, departments, boards and agencies that are not legally separate from the Borough.

Component units are legally separate organizations for which the Borough is financially accountable. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves their budget, the issuance of their debt or the levying of their taxes. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", management has evaluated all potential component units for inclusion in the accompanying financial statements. In accordance with this guidance, the following criteria were used to determine which, if any, organizations should be reported as a component unit of the Borough:

- Whether the Borough would be considered financially accountable for an organization if it appoints a majority of the organization's governing board and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough.

Based on the application of these criteria, the Borough of Sewickley has no component units.

The following entities that perform activities within the Borough's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Borough is not financially accountable for these entities nor are they fiscally dependent on the Borough:

- Quaker Valley School District
- Sewickley Water Authority

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Sewickley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Borough also applies Financial Accounting Standards Board (FASB) (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the Borough's accounting policies are as follows:

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The statement of net assets (Exhibit A) and the statement of activities (Exhibit B) display information about the Borough as a whole. In specific, these financial statements combine all of the financial activity of the Borough's major and non-major funds as described herein Note 2. The government-wide financial statements do not include the financial activity of the Borough's fiduciary funds, which cannot be used to finance general operations. GASB Statement No. 34 describes and distinguishes the financial activity in any fund as being either governmental or business-type.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Borough allocates the following program revenues under the column 'charges for services' to each functional disbursement category as follows:

- General Government – Licenses and permits, rents, lien letters, and miscellaneous sales of reports and maps, secretarial services
- Public Safety (Police) – Fines and forfeitures, police services, parking meter revenue
- Public Safety (Fire) – Fire protection services
- Public Safety (Other) – Building permits, zoning hearing fees
- Public Works (Highways) – Cable franchise fees, salt and other reimbursements, sewer rehabilitation fees, gasoline reimbursements
- Culture and Recreation – Donations, park permit fees

Revenues which are not classified as program revenues are presented as general revenues of the Borough. General revenue consists mainly of taxes, unrestricted grants, and other miscellaneous receipts not earmarked for a specific function. The comparison of direct disbursements with program receipts identifies the extent to which the government function is self-financing or draws from the general receipts of the Borough.

FUND FINANCIAL STATEMENTS – Fund financial statements report detailed information about the Borough. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. In Exhibit C, non-major funds are segregated and combined in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the source (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Borough finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The Borough uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Borough functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Borough's major and non-major governmental funds:

MAJOR GOVERNMENTAL FUNDS:

GENERAL FUND - Established under 'The Borough Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Borough. Income in this fund is derived mainly from assessed revenues such as real estate taxes, local taxes established under Act 511, sewer rehab fees, parking meter revenues and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Borough and other miscellaneous operating expenses.

CAPITAL RESERVE FUND #6 (CAPITAL PROJECT) – Established by Borough Council to provide for capital projects related to the Borough.

ROAD CONSTRUCTION & MAINTENANCE FUND (SPECIAL REVENUE) - Established to account for emergency municipal services tax monies and general fund contributions to be used for road construction and maintenance projects within the Borough.

NON-MAJOR GOVERNMENTAL FUNDS:

CAPITAL RESERVE FUND #3 (CAPITAL PROJECT) - Established by Borough Council to provide for the general capital improvement projects for the municipal building.

CAPITAL RESERVE FUND #4 (CAPITAL PROJECT) - Established by Borough Council to provide funds for fire department capital equipment.

SINKING FUND – (DEBT SERVICE FUND) – Established to account for proceeds of 2004 bond issue and subsequent debt service payments.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NON-MAJOR GOVERNMENTAL FUNDS: (Continued)

HIGHWAY AID FUND (SPECIAL REVENUE) - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Borough is responsible.

JOINT MUNICIPAL PLANNING COMMITTEE (SPECIAL REVENUE) - Established to set up an intermunicipal planning committee between the Boroughs of Sewickley and Osborne and the Borough of Allepo, which will jointly engage in various projects to benefit all three communities.

VISION AND ECONOMIC STUDY FUND (SPECIAL REVENUE) - Established to conduct a visioning and economic impact study for communities within the Quaker Valley School District. Funding is received through intergovernmental grants and private donations.

Proprietary Funds - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the Borough (internal service funds). The Borough maintains the Sewage Fund which is its only proprietary fund. Based on the criteria for determining major funds as set forth in GASB Statement No. 34, the Borough's proprietary fund is considered a major fund.

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The Borough has two pension trust funds (police pension and non-uniform pension). The Borough does not maintain any other type of fiduciary fund.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Business-type activities in the government-wide financial statements and proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental activities in the government-wide financial statements and government funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenue for business-type activities resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Borough, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the Borough receives value without directly giving equal value in return, includes property taxes, grants and contributions. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' (as previously defined) before it can be recognized.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

The management of the Borough of Sewickley has determined that the revenues most susceptible to accrual at December 31, 2009 are **1)** delinquent real estate taxes earned by the Borough in the fourth quarter of 2009 **2)** deed transfer taxes and vehicle code violations earned by the Borough in December of 2009 **3)** certain taxpayer assessed Act 511 taxes, **4)** sewer fees billed to the Borough residents and collected in January 2010 **5)** cable franchise fees earned during the year, and **6)** other miscellaneous revenues estimable and available to the Borough for 2009 but not as yet collected at December 31, 2009.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2009 are those for which the Borough's intention was to expense these items as budgeted for in the 2009 official budget, and for which the Borough has incurred an obligation during 2009, but has not paid as of December 31, 2009.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Borough's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUDGETS

In December of 2008, the Borough of Sewickley adopted its 2009 annual budget for its General Fund totaling \$4,441,337 in accordance with the provisions of the Commonwealth of Pennsylvania Borough Code. The budget is prepared utilizing the modified accrual method of accounting in accordance with generally accepted accounting principles. Budgetary transfers among various expenditure line items are performed as approved by Borough Council. The adjusted budgetary amounts, if any, are reflected in these financial statements (Exhibit G). Actual General Fund expenditures exceeded budgeted amounts for 2009. All appropriations lapse at the end of each calendar year.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Activities and the Governmental Funds Balance Sheet (Exhibit C), cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

INVESTMENTS

Provisions of the Borough Code authorize the following investments:

- I. U.S. Treasury Bills.
- II. Short-term obligations of the United States Government or its agencies or instrumentalities.
- III. Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS (Continued)

- IV. Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of these governmental units.
- V. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.

The Borough of Sewickley's investment portfolio is in compliance with these provisions at December 31, 2009.

Governmental and proprietary fund type investments funds pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Fiduciary fund type investments include money market funds, equity securities, corporate bonds and debt securities invested by the Borough's designated asset managers. Investments are recorded at fair value.

RECEIVABLES

Sewage receivables are reflected at net realizable value as of December 31, 2009.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the balance sheet.

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets are reported as part of governmental activities on the government-wide statement of net assets.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The Borough maintains a tiered capitalization dollar threshold with a minimum of \$1,500. The cost of infrastructure is included in the government-wide statement of net assets. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>CATEGORY</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Site Improvements	20 years
Buildings and Improvements	7-30 years
Machinery and Equipment	3-10 years
Vehicles	3-20 years
Infrastructure	10-40 Years

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS AND DEPRECIATION (Continued)

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net assets and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net assets (Exhibit D) and the changes in fund balances to the changes in net assets (Exhibit F).

COMPENSATED ABSENCES (Vacation/Sick Leave)

The Borough reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Unused vacation, sick and personal days for the Borough employees are accrued at their respective hourly rates of pay per each bargaining contract. The entire compensated absences liability of \$198,237 is shown as a long-term liability in the government-wide statement of net assets. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefit liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the fiscal year-end, are considered to be paid with current available financial resources. Notes and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The Borough's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net assets and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net assets (Exhibit D) and the changes in fund balances to the changes in net assets (Exhibit F).

NET ASSETS

GASB Statement No. 34 requires equity in the government-wide statement of net assets to be reported as 'Net Assets' rather than 'fund balance'. Net assets are classified into four categories according to external donor or legal restrictions or availability of assets to satisfy Borough obligations. Net assets are classified as follows:

- Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets.
- Restricted-Nonexpendable – Net assets subject to externally imposed restrictions which are required to be maintained in perpetuity.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS (Continued)

- Restricted-Expendable – Net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions of the Borough or by the passage of time.
- Unrestricted – Consists of net assets that do not meet the definition of ‘restricted’ or ‘invested in capital assets, net of related debt’.

The Borough applies restricted resources first, when available, before using unrestricted resources, to pay expenditures that can be paid from either source.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific use. Designations of fund balance represent tentative management plans that are subject to modification. Fund equity is classified as follows:

- Reserved – Reserved is used to denote that portion of fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose.
- Unreserved – Unreserved is used to denote that portion of the fund balance that is available for appropriation.
- Designated – Designated is used to denote that portion of the fund balance designated for specific purposes. At December 31, 2009, the Borough Council has not designated a fund balance.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS:

At December 31, 2009, the Borough of Sewickley had the following carrying values on its cash and cash equivalent accounts:

	Bank Balance	(Memo Only) Book Balance
General Fund	\$ 17,965	\$ (37,144)
Capital Reserve Fund #6	10,394	2,694
Road Construction Fund	553	553
Non-major Funds	42,059	42,059
Sewer Fund	38,587	25,582
Fiduciary Funds	219	219
Total	\$ 109,777	\$ 33,963

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The first \$250,000 held at the Borough’s depositories is insured through the Federal Deposit Insurance Corporation (FDIC).

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS: (Continued)

Custodial Credit Risk:

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 separate policy for custodial credit risk in addition to the requirements of the Borough Code. As of December 31, 2009, none of the Borough's bank balance total is exposed to custodial credit risk, as total deposits do not exceed \$250,000. Deposits over \$250,000 represent uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Borough's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

INVESTMENTS:

The fair value and maturity term of the Borough's investments as of December 31, 2009 is as follows:

	<u>No Stated Maturity</u>	<u>1-5 Years</u>
Governmental Funds:		
PLGIT	\$ 213	\$ -
Fiduciary Funds:		
Corporate & Municipal Obligations	\$ -	\$ 1,643,275
Equity Securities	3,014,159	-
Money Market Funds	261,759	-
	<u>\$ 3,275,918</u>	<u>\$ 1,643,275</u>

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net assets to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. These funds are rated by a nationally recognized statistical rating organization.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough fiduciary fund investments in equity securities and mutual funds, and governmental fund investments in PLGIT, are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. R. The Borough does not have a specific policy that would limit its investment choices to those with certain credit ratings.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

INVESTMENTS: (Continued)

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough has no formal investment policy, in addition to the requirements of the Borough Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of December 31, 2009, investments in PLGIT have received a 'AAA' rating from Standards & Poors, an independent rating company. Ratings were unavailable for the Borough's corporate & municipal obligations at December 31, 2009.

Interest Rate Risk:

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

Concentration of Credit Risk:

The Borough places no limit on the amount it may invest in any one issuer.

NOTE 4 - PROPERTY TAXES

The Borough of Sewickley levies property taxes March 1st of each calendar year. The calendar dates for payment of these taxes is as follows:

PAYMENT PERIOD

March 1 – April 30, 2009	(Discount period)
May 1 – June 30, 2009	(Face period)
July 1 and after	(Penalty period)

Taxpayers are entitled to a 2% discount if taxes are paid prior to May 1st. Collections after June 30th are assessed a 10% penalty. Taxes unpaid as of December of the year following levy are liened through Allegheny County and collected by Jordan Tax Service. As of December 31, 2009, \$93,246 of 2009 real estate taxes are unpaid which represents 4.6% of the total assessed property taxes for 2009.

The tax millage assessment for the 2009 calendar year is 6.8 mills on the assessed value of land and buildings, which represents \$6.80 of revenue for every \$1,000 of assessed value.

Delinquent real estate taxes receivable (Note 4) is reduced by a 25% allowance for uncollectable amounts as deemed appropriate by Borough management.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 5 - RECEIVABLES

Receivables, as reflected in Exhibit C, consist of the following at December 31, 2009:

TAXES:	
Delinquent real estate	\$ 402,731
Deed transfer taxes	4,474
Earned income tax	120,459
Business privilege	4,681
	<u>\$ 532,345</u>
OTHER:	
Cable franchise fees	\$ 11,214
Public works special services	66,681
Municipal fines	6,315
Miscellaneous	502
	<u>\$ 84,712</u>

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS

The 'due from other governmental units' total of \$56,719, as reflected in Exhibit A, represents amounts earned by and due the Borough of Sewickley for 2009 from other governmental agencies as follows:

Commonwealth of PA - Act 77	\$ 6,016
Osborne Secretarial/Code services	7,000
Police/Crossing Guard Reimbursement	9,148
Fuel	2,055
State Grant	24,500
Other services	8,000
	<u>\$ 56,719</u>

NOTE 7 – INTER-FUND RECEIVABLES/PAYABLES

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) are as follows:

	<u>RECEIVABLE</u>	<u>PAYABLE</u>
General Fund	\$ 649,097	\$ 370,221
Capital Reserve Fund #6	-	268,869
Road Construction Fund	383,198	
Non-Major Governmental Funds	267,971	55,700
Sewer Fund	21,221	626,697
	<u>\$ 1,321,487</u>	<u>\$ 1,321,487</u>

Governmental type 'inter-fund' obligations have been eliminated in the government-wide statement of net assets. Inter-fund obligations between governmental activities and business-type activities are shown net on the statement of net assets as part of the line-item 'internal balances'. The inter-fund obligations represent operating cost advances between the General Fund and the Sewer and Capital Reserve Funds. During the year ended December 31, 2009 the General Fund transferred \$626,392 to various other funds and received \$123,340 from other funds to cover operating costs, to reimburse funds paying costs and for budgeted transfers.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8 - CAPITAL ASSETS

A summary of the governmental and business-type fixed asset activity for the 2009 calendar year was as follows:

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Governmental Activities				
Land	\$ 285,326	\$ -	\$ -	\$ 285,326
Infrastructure	3,681,202	176,678	-	3,857,880
Site Improvements	1,138,886	106,989	-	1,245,875
Buildings and Improvements	1,040,547	-	-	1,040,547
Machinery and Equipment	1,482,702	68,040	-	1,550,742
Vehicles	933,257	46,380	-	979,637
Construction in Progress	13,428	393,395	-	406,823
	<u>\$ 8,575,348</u>	<u>\$ 791,482</u>	<u>\$ -</u>	<u>\$ 9,366,830</u>
Less: Accumulated depreciation				
Infrastructure	\$ (560,519)	\$ (161,816)	\$ -	\$ (722,335)
Site Improvement	(166,051)	(56,854)	-	(222,905)
Buildings and Improvements	(413,309)	(29,897)	-	(443,206)
Machinery and Equipment	(455,998)	(43,112)	-	(499,110)
Vehicles	(391,984)	(134,881)	-	(526,865)
	<u>\$ (1,987,861)</u>	<u>\$ (426,560)</u>	<u>\$ -</u>	<u>\$ (2,414,421)</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,587,487</u>	<u>\$ 364,922</u>	<u>\$ -</u>	<u>\$ 6,952,409</u>

	Balance 1/1/2009	Additions	Deletions	Balance 12/31/2009
Business-Type Activities				
Buildings	\$ 3,006,443	\$ 704,175	\$ -	\$ 3,710,618
Equipment	1,664,551	18,132	-	1,682,683
Storm Sewers	771,927	18,670	-	790,597
Vehicles	79,471	-	-	79,471
Construction in Progress	489,818	181,050	278,884	391,984
	6,012,210	922,027	278,884	6,655,353
Less: Accumulated Depreciation	(2,183,595)	(164,392)	-	(2,347,987)
Business-Type Activities Capital Assets, Net	<u>\$ 3,828,615</u>	<u>\$ 757,635</u>	<u>\$ 278,884</u>	<u>\$ 4,307,366</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation expense was allocated to governmental functions as follows:

General Administration	\$ 17,361
Police	39,339
Fire	62,861
Public Works	228,141
Culture and Recreation	78,858
	<u>\$ 426,560</u>

NOTE 9 - DEFERRED COMPENSATION PLAN

The Borough of Sewickley participates in a voluntary Deferred Compensation Plan for all employees who wish to enroll to be administered by The Copeland Companies. In accordance with Internal Revenue Code Section 457, assets in the plan remain the property of the Borough of Sewickley until paid or made available to the participants, subject only to the claims of the Borough's general creditors.

NOTE 10 – GOVERNMENTAL ACTIVITY LONG-TERM DEBT OBLIGATIONS

NOTE PAYABLE SERIES OF 2005 – CITIZENS BANK

In October of 2005, the Borough of Sewickley entered into a loan agreement with Citizens Bank in the amount of \$500,000 for the purpose of funding certain capital improvements of the Borough, and to pay certain costs of issuance of the Note. The loan calls for monthly principal and interest payments of \$5,031.42 at an interest rate of 3.87%. The loan is scheduled to mature in November of 2015. The loan is secured by the general tax collections and revenues of the Borough of Sewickley.

Year End			
31-Dec	Principal	Interest	Total
2010	\$ 48,900	\$ 11,477	\$ 60,377
2011	50,826	9,551	60,377
2012	52,825	7,552	60,377
2013	54,910	5,467	60,377
2014	57,073	3,304	60,377
2015	54,292	1,056	55,348
	<u>\$ 318,826</u>	<u>\$ 38,407</u>	<u>\$ 357,233</u>

NOTE PAYABLE SERIES OF 2006 – CITIZENS BANK

In August of 2006, the Borough of Sewickley entered into a loan agreement with Citizens Bank in the amount of \$200,000 for the purpose of funding all or part of the cost of purchasing vehicles and equipment. The loan calls for monthly principal and interest payments of \$3,705.18 at an interest rate of 4.18%. The loan is scheduled to mature in August of 2011. The loan is secured by the general tax collections and revenues of the Borough of Sewickley.

Year End			
31-Dec	Principal	Interest	Total
2010	\$ 42,252	\$ 2,210	\$ 44,462
2011	29,149	464	29,613
	<u>\$ 71,401</u>	<u>\$ 2,674</u>	<u>\$ 74,075</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 10 – GOVERNMENTAL ACTIVITY LONG-TERM DEBT OBLIGATIONS (Continued)

BONDS PAYABLE – SERIES OF 2004

In January of 2004, the Borough of Sewickley issued General Obligation Bonds – Series of 2004 in the amount of \$2,570,000 to provide funds to pay off the general obligation note borrowed with PNC Bank and to fund certain capital improvements projects of the Borough. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between 1.20 and 4.125%. The bonds provide for early redemption features on or after December 1, 2010. The Bonds are scheduled to mature on December 1, 2018 and are secured by the full faith and taxing power of the Borough. Management has determined that the General Fund is responsible for 70% of the debt service obligation and the Sewer Fund is responsible for 30% of the debt service obligation.

A schedule of the December 31, 2008 debt service requirement on the general obligation bonds are as follows:

Year End 31-Dec	Principal	Interest	Total
2010	160,000	60,774	220,774
2011	165,000	56,214	221,214
2012	170,000	50,851	220,851
2013	175,000	45,071	220,071
2014	185,000	38,946	223,946
2015-2018	810,000	83,201	893,201
	<u>\$ 1,665,000</u>	<u>\$ 335,057</u>	<u>\$ 2,000,057</u>

CAPITAL LEASE AGREEMENTS

In February of 2009, the Borough of Sewickley entered into a lease agreement with Ford Credit Company, for the purchase of a 2009 Ford Crown Victoria and 2009 Ford Explorer. The terms of the leases call for annual payments of principal and interest totaling \$7,968.16 and \$12,493.13 respectively, with the last payment due on February 26, 2011. The interest rates are 6.6% and 6.95% respectively.

The following represents the principal and interest payments on the lease agreements:

Year End Dec. 31	Principal	Interest	Total
2010	\$ 18,780	\$ 1,681	\$ 20,461
2011	7,388	580	7,968
	<u>\$ 26,168</u>	<u>\$ 2,261</u>	<u>\$ 28,429</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 – BUSINESS-TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS

NOTE PAYABLE SERIES OF 2008 – FIRST COMMONWEALTH BANK

In October of 2008, the Borough of Sewickley entered into a loan agreement with Citizens Bank in the amount of \$600,000 for the purpose of funding all or part of the cost of certain capital improvements to the Borough's wastewater treatment plant. The loan calls for monthly principal and interest payments of \$8,244.77 at an interest rate of 4.17%. The loan is scheduled to mature in October of 2015. The loan is secured by the wastewater fee collections of the Borough of Sewickley.

Year End 31-Dec	Principal	Interest	Total
2010	\$ 78,866	\$ 20,071	\$ 98,937
2011	82,266	16,671	98,937
2012	85,772	13,165	98,937
2013	89,510	9,428	98,938
2014	93,368	5,569	98,937
2015	74,464	1,572	76,036
	<u>\$ 504,246</u>	<u>\$ 66,476</u>	<u>\$ 570,722</u>

NOTE PAYABLE SERIES OF 2006 – CITIZENS BANK

In August of 2006, the Borough of Sewickley entered into a loan agreement with Citizens Bank in the amount of \$500,000 for the purpose of funding all or part of the cost of certain capital improvements to the Borough's wastewater treatment plant. The loan calls for monthly principal and interest payments of \$6,944.31 at an interest rate of 4.41%. The loan is scheduled to mature in August of 2013. The loan is secured by the wastewater fee collections of the Borough of Sewickley.

Year End 31-Dec	Principal	Interest	Total
2010	\$ 72,223	\$ 11,109	\$ 83,332
2011	75,519	7,813	83,332
2012	78,951	4,381	83,332
2013	54,636	4,986	59,622
	<u>\$ 281,329</u>	<u>\$ 28,289</u>	<u>\$ 309,618</u>

NOTE PAYABLE SERIES OF 2007 – CITIZENS BANK

In October of 2007, the Borough of Sewickley entered into a loan agreement with Citizens Bank in the amount of \$500,000 for the purpose of funding all or part of the cost of certain capital improvements to the Borough's wastewater treatment plant. The loan calls for monthly principal and interest payments of \$9,337 at an interest rate of 4.50%. The loan is scheduled to mature in October of 2012. The loan is secured by the wastewater fee collections of the Borough of Sewickley.

Year End 31-Dec	Principal	Interest	Total
2010	100,195	11,849	112,044
2011	104,863	7,181	112,044
2012	100,394	2,312	102,706
	<u>\$ 305,452</u>	<u>\$ 21,342</u>	<u>\$ 326,794</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12 – CHANGES IN LONG-TERM DEBT OBLIGATIONS

The following represents the changes in the Borough's long-term liabilities during the 2009 calendar year:

	<u>Balance</u> <u>1/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Due Within</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 1,204,400	\$ -	\$ 106,950	\$ 1,097,450	\$ 106,950
General Obligation Notes	477,755	-	87,528	390,227	87,548
Leases Payable	-	46,380	20,212	26,168	19,649
Total long-term debt -					
Governmental activities	<u>\$ 1,682,155</u>	<u>\$ -</u>	<u>\$ 194,478</u>	<u>\$ 1,487,677</u>	<u>\$ 194,498</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 615,600	\$ -	\$ 48,050	567,550	\$ 48,050
General Obligation Notes	1,331,711	-	240,683	1,091,028	243,671
Total long-term debt -					
Business-Type Activities	<u>\$ 1,947,311</u>	<u>\$ -</u>	<u>\$ 288,733</u>	<u>\$ 1,658,578</u>	<u>\$ 291,721</u>

NOTE 13 - BOROUGH PENSION PLANS

The following is a summary of the Borough of Sewickley's defined benefit pension plans:

POLICE PENSION PLAN - The Borough of Sewickley's police pension plan, established on January 1, 1950, is a single-employer defined benefit pension plan established to provide retirement and death benefits to qualified police department employees under the provisions governing pension plans in the Commonwealth of Pennsylvania and Borough Council ordinances. The plan is governed by the members of Borough Council who are responsible for the management of plan assets. Council has delegated the authority to manage certain plan assets to Ameriserv Trust and Financial Services.

A summary of the plan's provisions are as follows:

- PARTICIPANTS** - All permanent members of the Borough of Sewickley police department.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 25 years of aggregate service as a full-time Borough employee and have attained the age of 50.
- BENEFITS** - Based on one-half of the participant's average monthly salary earned during the final 36 months of employment at retirement.
- VESTING** - Participants are entitled to a vested deferred benefit after 12 years of service.
- FUNDING** - Employee contributions are currently not required. Borough contributions are determined by the Actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program. There Borough contributed \$91,846 to the plan in 2009.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 - BOROUGH PENSION PLANS (Continued)

NON-UNIFORMED PENSION PLAN - The Borough of Sewickley's non-uniformed pension plan, established on March 1, 1974, is a single-employer defined benefit pension plan established to provide retirement benefits to qualified non-uniformed employees under the provisions governing pension plans in the Commonwealth of Pennsylvania and Borough Council ordinances. The plan is governed by the members of Borough Council who are responsible for the management of plan assets. Council has delegated the authority to manage certain plan assets to Ameriserv Trust and Financial Services.

A summary of the plan's provisions are as follows:

- PARTICIPANTS** - All full-time employees of the Borough of Sewickley other than police and the Borough manager.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 5 years of aggregate service as a Borough employee and have attained the age of 65.
- BENEFITS** - Based on 1.5% of the participant's average monthly salary earned during the final 36 months of employment at retirement multiplied by years of service.
- TERMINATION** - The plan provides terminated employees with a return of their contribution plus interest.
- VESTING** - Participants are entitled to a vested deferred benefit (100%) after 5 years of service.
- FUNDING** - Employee contributions are currently not required. Borough contributions are determined by the actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program. The Borough contributed \$142,492 to the plan in 2009.

Plan membership as of January 1, 2009 was comprised of:

	POLICE	NON- UNIFORM
Active employees	9	18
Retirees and beneficiaries currently receiving benefits	4	12
Terminated employees entitled to benefits but not yet receiving them	2	7
Total	15	37

FUNDING REQUIREMENTS

On December 18, 1984, act 205 was passed into law, and is known as the "Municipal Pension Plan Funding Standard and Recovery Act." The act mandates actuarial funding standards, establishes a recovery program for financially distressed pension plans and provides for the distribution of the tax on the premiums of foreign fire insurance companies.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 - BOROUGH PENSION PLANS (Continued)

FUNDING REQUIREMENTS (Continued)

The act requires minimum funding standards based on the most recent actuarial valuation report, including normal cost and administrative expense requirements and an amortization contribution of the unfunded actuarial accrued liability. For financially distressed pension plans, the act provides for delayed implementation of this funding standard over either 10 or 15 years. In addition, supplemental state aid is available to all eligible municipalities and will be paid from the supplemental state assistance account.

In addition to member contributions, the pension plan may also receive an annual allocation from the General Municipal Pension System State Aid Program. The entire proceeds of the insurance premium tax on foreign casualty insurance companies and any investment income earned on those proceeds, and the portion of the proceeds of the insurance premium tax on foreign fire insurance companies which represents the amount of the distributions applicable to paid firefighters, and any investment income earned on the amount of those distributions are specifically designated for municipal pension plans. Any remaining obligation with respect to the pension plan shall be paid by the municipality.

The plan's investment income was used to fund administrative costs. There are no long-term contracts for contributions as of December 31, 2009. In addition, there are no assets legally reserved for purposes other than the payment of plan member benefits.

The percentage breakdown of individual investments to overall investments of the police and non-uniformed pension plan, held with Ameriserv Trust and Financial Services, are as follows at December 31, 2009:

	<u>POLICE</u>	<u>%</u>	<u>NONUNIFORM</u>	<u>%</u>
Money Market Funds	\$ 115,484	4.6%	\$ 146,274	8.5%
Corporate Bonds	979,968	39.1%	663,307	38.4%
Equity Securities	1,813,563	72.3%	1,200,596	69.5%

Trend information regarding annual pension costs, percentage contributions and any net pension obligations (NPO) is as follows:

<u>YEAR ENDED</u> <u>DECEMBER 31</u>	<u>PENSION</u> <u>COST</u>	<u>PERCENTAGE</u> <u>CONTRIBUTED</u>	<u>NET PENSION</u> <u>OBLIGATION</u>
POLICE:			
2002	\$ 23,351	189%	-
2003	29,208	159%	-
2004	33,584	139%	-
2005	69,198	100%	-
2006	86,023	100%	-
2007	92,555	100%	-
2008	66,644	100%	-
2009	91,846	100%	-
NON-UNIFORM:			
2001	\$ 23,974	101%	-
2002	46,657	101%	-
2003	52,961	100%	-
2004	54,344	100%	-
2005	72,477	100%	-
2006	110,104	100%	-
2007	116,589	100%	-
2008	134,672	100%	-
2009	142,492	100%	-

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the pension benefits as described in Note 13, the Borough of Sewickley provides life insurance benefits in the amount of \$1,000 to covered employees subsequent to their retirement. The cost of this benefit to the Borough of Sewickley for 2009 was approximately \$65.

NOTE 15 – RISK MANAGEMENT

The Borough of Sewickley is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks.

NOTE 16 - CONTINGENT LIABILITIES

LEGAL MATTERS

The Borough, on occasion, can be party to various legal actions arising from normal business operations. As of December 31, 2009, the Borough is unaware of any pending litigation that would be material to the financial position of the Borough of Sewickley.

STATE FUNDING

The Borough of Sewickley's state funded programs are subject to audit by various governmental agencies. The Borough is potentially liable for any expenditure disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 19- SUBSEQUENT EVENTS

On January 4, 2010, the Borough of Sewickley entered into a loan agreement in the form of a Tax Anticipation Note, with Citizen's Bank, in the amount of \$400,000. The interest rate on the note is 4% and the maturity date is April 30, 2010.

***SUPPLEMENTAL
SCHEDULES***

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>TAXES:</u>			
Real estate - current	\$ 2,036,570	\$ 2,015,987	\$ 2,000,103
Real estate - prior	80,000	9,276	2,978
Real estate - delinquent	10,000	-	-
Real estate - liened	35,000	120,530	88,546
Per capita tax	10,785	9,424	9,465
Real estate transfer tax	120,000	119,816	124,145
Earned income tax	740,000	776,939	781,366
Business privilege tax	190,000	207,252	188,057
Penalties & interest on delinquent taxes	7,193	7,679	4,341
TOTAL TAXES	\$ 3,229,549	\$ 3,266,904	\$ 3,198,999
<u>LICENSES AND PERMITS:</u>			
Amusement licenses	\$ 7,500	\$ 6,000	\$ 6,500
Cable franchise license	40,880	44,335	43,188
Tree Expert License	200	75	-
Street permits	12,000	5,000	1,600
TOTAL LICENSES AND PERMITS	\$ 60,580	\$ 55,410	\$ 51,288
<u>FINES AND FORFEITURES:</u>			
Motor vehicle code violations	\$ 48,000	\$ 43,237	\$ 49,181
Parking violations	89,000	93,796	78,211
Non-Traffic Citations	10,000	12,487	14,658
TOTAL FINES AND FORFEITURES	\$ 147,000	\$ 149,520	\$ 142,050
<u>INTEREST AND RENTS:</u>			
Interest	\$ 15,000	\$ 1,711	\$ 3,456
Rents	6,000	3,630	3,524
TOTAL INTEREST AND RENTS	\$ 21,000	\$ 5,341	\$ 6,981
<u>INTERGOVERNMENTAL:</u>			
PURTA	\$ 4,400	\$ 4,368	\$ 4,209
Liquor licenses	2,600	2,774	3,100
Municipal pension state aid	108,500	109,480	108,335
Foreign fire insurance	35,800	30,566	35,301
State Grants	2,500	-	5,000
Commonwealth of PA - Street Sweeping	-	-	2,071
Act 77 revenues	76,603	74,068	72,855
TOTAL INTERGOVERNMENTAL	\$ 230,403	\$ 221,257	\$ 230,871

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>CHARGES FOR SERVICES:</u>			
Osborne Borough secretary services	\$ 23,587	\$ 22,087	\$ 21,077
Osborne Crossing guard	2,400	4,560	4,140
Zoning permits	1,500	-	900
Zoning hearing fees	10,500	8,000	5,950
No lien Letter	3,635	4,525	3,110
Sale of maps	50	-	11
Sale of Code	50	-	-
Sale of ordinances	300	20	120
Sale of subdivision	50	-	-
Sale of street banner permits	6,000	6,250	4,000
Sale of recycling bins	260	395	789
NSF Redeposit	-	-	8
Special police services	107,500	132,714	109,607
Fire protection services-Haysville	3,630	4,213	4,016
Fire protection services-Osborne	17,800	17,032	20,942
Fire equipment replacement fund	3,200	3,511	4,158
Code service fees	-	11,674	4,440
Building permits	58,375	48,026	63,131
Occupancy Permits	300	300	-
Parking meter revenues	240,000	218,115	237,302
Parking permits	1,500	792	2,282
Salt Reimbursement	26,000	19,403	17,748
Duquesne Light Easement Payment	-	-	275,000
Special public works services	2,000	486	46,169
Sewer rehabilitation fee	-	-	105,426
Road project	5,000	-	-
Road project - Prior Year	-	-	3,820
Park permit fees	10,000	9,360	10,020
Tree fund-license/permits/donations	27,000	2,200	950
QVSD Gas	55,000	9,034	140,546
BSWA Gas	15,000	9,547	14,785
TOTAL CHARGES FOR SERVICES	\$ 620,637	\$ 532,243	\$ 1,100,447
<u>MISCELLANEOUS:</u>			
Miscellaneous revenue	\$ 52,465	\$ 6,601	\$ 162
Contributions and Donations	1,000	10,250	2,650
Phone revenue	-	2,085	2,348
Health Insurance Reimbursements	-	24,125	21,898
Insurance Claims	-	-	6,272
Refunds and Reimbursements	-	4,389	7,540
WC payments	-	-	34,277
TOTAL MISCELLANEOUS	\$ 53,465	\$ 47,451	\$ 75,146

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>OTHER FINANCIAL SOURCES:</u>			
Transfer from Liquid Fuels	\$ -	\$ 79,707	\$ 98,975
Transfer from Sewer Fund	-	43,633	-
Refund of Prior Year Expenses	35,000	231	747
TOTAL OTHER FINANCIAL SOURCES	<u>\$ 35,000</u>	<u>\$ 123,571</u>	<u>\$ 99,722</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 4,397,632</u>	<u>\$ 4,401,696</u>	<u>\$ 4,905,504</u>

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>GENERAL GOVERNMENT:</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u>
<u>LEGISLATIVE BODY:</u>			<u>PRIOR YEAR</u>
Salary - manager	\$ 79,936	\$ 90,795	\$ 88,617
Sick Pay - manager	-	23,750	-
Salary - borough secretary	2,500	2,500	2,500
Salaries - staff	111,766	126,289	136,920
Life/accident insurance	4,500	4,627	4,872
Dental insurance	3,980	4,014	3,998
Long term disability insurance	3,110	2,412	2,541
Vision care	431	432	431
Keystone HMO	35,207	39,932	35,110
Pension	43,439	28,802	26,651
Social security(FICA)	-	18,333	17,935
Unemployment compensation	2,000	71	306
Workmans comp	7,462	12,763	14,388
Admin Overtime	3,000	1,286	1,820
Materials and supplies	7,500	7,614	8,794
Other expense	11,000	9,285	12,548
Computer maintenance	8,000	1,966	5,078
Computer services	23,000	27,504	20,376
Auditing services	8,000	4,260	8,400
Web Site	6,000	1,869	2,879
Solicitor retainer	6,000	6,500	6,000
Other legal services	47,000	66,190	100,580
Engineer	47,500	79,467	67,896
Telephone	9,500	10,344	10,775
Postage	4,000	3,042	3,610
Equipment Lease	14,000	21,618	15,417
Auto allowance manager	2,000	1,021	3,388
Advertising	9,500	8,070	9,648
Property and liability insurance	24,370	34,503	23,124
Dues/subscriptions and memberships	9,000	5,765	6,420
Meetings and conferences	8,000	8,670	6,421
Road project	-	-	68
Contingencies	99,100	98,851	62,476
Center Contribution	10,000	10,000	13,125
TOTAL LEGISLATIVE BODY	\$ 650,801	\$ 762,548	\$ 723,111

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>GENERAL GOVERNMENT: (continued)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>TAX COLLECTION:</u>			
Salary	\$ 2,400	\$ 2,257	\$ 2,400
Social Security(FICA)	250	184	184
Unemployment insurance	300	79	5
Workers compensation	800	809	744
Other expense	7,500	24,821	17,999
Wage tax collection fees	15,000	19,745	17,639
LST collection fees	3,200	2,401	1,987
Business privilege collection fees	4,200	4,476	3,704
Telephone	500	362	425
Performance bond	2,000	-	-
TOTAL TAX COLLECTION	\$ 36,150	\$ 55,135	\$ 45,087
 <u>MUNICIPAL BUILDING AND PLANT</u>			
Salary staff	\$ 37,128	\$ 36,771	\$ 34,646
Life/accident insurance	600	530	670
Dental insurance	392	401	399
Long term disability insurance	370	376	376
Vision care	104	111	110
Keystone HMO	6,222	5,884	6,199
Pension	7,481	7,916	7,922
Social Security(FICA)	2,920	3,011	2,875
Unemployment insurance	1,000	247	705
Workers compensation	3,466	2,024	3,722
Overtime	1,200	1,745	3,024
Uniform maintenance	700	886	532
Materials and supplies	6,000	6,396	5,835
Property and liability insurance	9,200	6,099	8,556
Electricity	32,000	31,900	31,997
Gas	21,000	18,757	20,030
Repairs and maintenance	22,000	43,548	39,887
TOTAL MUNICIPAL BUILDING AND PLANT	\$ 151,783	\$ 166,601	\$ 167,485
 TOTAL GENERAL GOVERNMENT	 \$ 838,734	 \$ 984,284	 \$ 935,683

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>PUBLIC SAFETY:</u>			
<u>POLICE PROTECTION:</u>			
Salary - chief	\$ 75,341	\$ 76,149	\$ 71,749
Salary - sergeants	68,332	69,064	65,199
Salary - full time patrolmen	426,228	365,450	327,334
Salary - part time patrolmen	50,000	106,071	90,964
Salary - Full time desk	33,736	27,353	32,812
Salary - meter patrol	38,563	36,238	35,616
Salary - crossing guard	1,815	-	-
Salary - Sick Pay	-	50,539	-
Life/accident insurance	5,000	12,451	4,437
Dental insurance	11,156	10,035	9,996
Long term disability insurance	3,352	3,720	4,015
Vision care	1,040	963	966
Keystone HMO	151,182	137,098	154,153
Supplemental Retirement	2,400	2,200	2,400
Pension	91,425	99,402	74,566
Social Security(FICA)	58,032	63,723	58,229
Unemployment insurance	7,580	4,987	769
Workers compensation	72,700	76,896	70,710
Overtime	11,550	49,487	53,199
Longevity	18,016	18,016	16,536
OIC	15,440	8,972	28,434
Shift differential	3,755	3,945	3,676
Court fees	17,000	18,757	17,236
Holiday pay - ftp	21,622	26,720	23,687
H.L. benefit	-	-	53,971
Dare grant - expenses	4,665	2,201	2,803
Uniform maintenance	11,000	6,841	11,447
Material and supplies	3,000	3,862	3,167
Other expense	10,000	40,267	14,228
Computer Maintenance	12,500	6,216	5,631
Computer services	5,500	3,235	6,993
Gasoline and oil	15,000	3,419	17,896
Vehicle operating expense	8,000	16,005	17,244
Tires	4,000	688	3,791
Training rifle range	4,000	1,900	4,154
Telephone	12,000	13,581	13,815
Postage	2,500	2,152	2,372
Radio maintenance	2,500	81	1,279
Auto expense/chief	250	-	305
Property and liability insurance	20,500	14,552	19,856
Dues, subscriptions and memberships	750	500	140
Meetings and conferences	2,000	981	2,655
New police car	39,399	55,906	29,707
Quaker Valley Ambulance Authority	35,000	35,118	27,314
TOTAL POLICE PROTECTION	\$ 1,377,829	\$ 1,475,742	\$ 1,385,451

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>PUBLIC SAFETY: (continued)</u>			
<u>FIRE PROTECTION:</u>			
Materials and supplies	1,200	\$ 1,001	\$ 1,102
Other expense	1,500	1,878	1,597
Fire hose and couplings	6,000	5,880	5,629
Vehicle operating expense	20,000	26,109	20,167
Telephone and radio expense	9,000	8,263	8,778
Insurance	-	-	863
Foreign casualty premium	35,500	30,566	35,301
Contracted services	40,000	36,667	40,000
Training	3,000	1,000	854
TOTAL FIRE PROTECTION	\$ 116,200	\$ 111,364	\$ 114,290
<u>PROTECTIVE INSPECTION:</u>			
Salary code enforcement officer	\$ 50,400	\$ 50,941	\$ 27,664
Life insurance/accident	400	660	-
Long term disability	400	286	-
Keystone	4,000	5,000	-
Pension	7,961	7,916	-
FICA	3,855	3,995	-
Unemployment comp	120	247	(251)
Workers comp	750	2,024	-
Materials and supplies	1,500	1,110	943
Zoning hearing board - legal service	8,000	26,082	22,863
Zoning hearing board - steno service	1,800	-	1,031
Telephone	-	1,256	-
Postage and advertising	1,250	1,496	1,678
Historic review commission	500	-	-
Planning commission	14,475	1,158	14,758
Zoning ordinance update	5,000	20,846	2,233
TOTAL PROTECTIVE INSPECTION	\$ 100,411	\$ 123,017	\$ 70,918
TOTAL PUBLIC SAFETY	\$ 1,594,440	\$ 1,710,122	\$ 1,570,660
<u>PUBLIC WORKS:</u>			
Salary foreman	\$ 49,213	\$ 49,932	\$ 46,854
Salaries	323,593	232,252	240,937
Life/accident insurance	4,400	4,098	3,704
Dental insurance	9,568	6,819	6,960
Long term disability	2,952	2,609	2,514
Vision care	832	751	723
Keystone HMO	120,508	97,767	105,663
Pension	63,328	55,414	59,848
Social Security(FICA)	30,970	31,265	30,427
Unemployment insurance	7,200	2,775	735
Workers compensation	45,929	51,804	47,636
Overtime	35,800	47,873	56,492

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>PUBLIC WORKS: (continued)</u>			
Uniform maintenance	5,600	5,752	7,219
Snow and ice materials	40,000	30,860	63,165
Gasoline and oil	85,000	35,473	190,348
Vehicle operation maintenance	20,000	29,747	28,874
Vehicle operating expense	24,000	26,898	28,541
Storm sewers	-	198	-
Asphalt products	5,000	1,725	4,943
Street signs and markings	12,000	14,366	14,352
Other highway care expenses	25,000	39,025	34,820
Tools and minor equipment	12,500	4,630	10,548
Telephone and radio	2,000	3,422	2,381
Property and liability insurance	18,500	12,199	17,321
Meter repair	15,000	11,602	12,733
Equipment rental	-	-	112
Sewer rehab	-	-	22,716
Traffic signals	10,000	26,795	15,083
Street lighting	95,000	79,375	93,046
TOTAL PUBLIC WORKS	<u>\$ 1,063,893</u>	<u>\$ 905,426</u>	<u>\$ 1,148,694</u>
<u>CULTURE AND RECREATION:</u>			
<u>PARKS AND RECREATION:</u>			
Salaries	\$ 35,000	\$ 34,500	\$ 25,050
FICA (SS)	2,678	-	-
Unemployment insurance	700	9	56
Workers compensation	5,200	6,475	5,955
Materials and supplies	4,000	4,650	4,666
Repairs	8,000	23,652	17,121
Property and liability	9,000	6,099	8,556
TOTAL PARKS AND RECREATION	<u>\$ 64,578</u>	<u>\$ 75,386</u>	<u>\$ 61,404</u>
<u>SHADE TREES:</u>			
Tree trimming and removal	\$ 45,000	\$ 54,593	\$ 57,467
Tree maintenance and spraying	10,000	10,980	4,063
Sidewalk Repair	10,000	5,980	6,132
Plantings	15,000	11,833	11,525
TOTAL SHADE TREES	<u>\$ 80,000</u>	<u>\$ 83,385</u>	<u>\$ 79,187</u>
TOTAL CULTURE AND RECREATION	<u>\$ 144,578</u>	<u>\$ 158,771</u>	<u>\$ 140,591</u>

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>DEBT SERVICE:</u>			
TAN Interest	\$ -	\$ 11,672	\$ -
Debt Principal	104,841	87,548	84,071
Debt Interest	-	17,291	20,769
TOTAL DEBT SERVICE	<u>\$ 104,841</u>	<u>\$ 116,511</u>	<u>\$ 104,839</u>
<u>OTHER FINANCING USES:</u>			
Tax Refund Assessment	10,000	7,122	15,782
Refund Prior Year Receipts	-	25,631	25,086
Transfer to Sewer Fund	-	43	-
Transfer to Police Pension	-	207	-
Transfer to Capital Reserves #6	35,000	-	40,000
Transfer to Capital Reserves #4	25,000	3,511	3,347
Transfer to Sinking Fund	154,851	152,632	155,172
Transfer to Joint Municipal Planning	-	-	12,500
Transfer to Road Construction & Maintenance	470,000	470,000	470,000
TOTAL OTHER FINANCING USES	<u>\$ 694,851</u>	<u>\$ 659,146</u>	<u>\$ 721,887</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,441,337</u>	<u>\$ 4,534,260</u>	<u>\$ 4,622,355</u>

BOROUGH OF SEWICKLEY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009

<u>ASSETS:</u>	<u>HIGHWAY AID</u>	<u>JOINT MUNICIPAL PLANNING COMMITTEE</u>	<u>VISION AND ECONOMIC STUDY</u>	<u>CAPITAL RESERVE FUNDS 3 & 4</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 31,302	\$ 106	\$ 38	\$ 10,613	\$ 42,059
Due from Other Governmental Units	-	29,500	-	-	29,500
Due from Other Funds	-	-	-	267,972	267,972
TOTAL ASSETS	<u>\$ 31,302</u>	<u>\$ 29,606</u>	<u>\$ 38</u>	<u>\$ 278,585</u>	<u>\$ 339,531</u>
 <u>LIABILITIES AND FUND EQUITY:</u>					
LIABILITIES:					
Accounts Payable	\$ -	\$ 26,246	\$ -	\$ -	\$ 26,246
Due to Other Funds	-	55,700	-	-	55,700
Deferred Revenue	-	24,500	-	-	24,500
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 106,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,446</u>
 FUND EQUITY:					
Fund Balance	\$ 31,302	\$ (76,840)	\$ 38	\$ 278,585	\$ 233,085
TOTAL FUND BALANCES (Deficit)	<u>\$ 31,302</u>	<u>\$ (76,840)</u>	<u>\$ 38</u>	<u>\$ 278,585</u>	<u>\$ 233,085</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,302</u>	<u>\$ 29,606</u>	<u>\$ 38</u>	<u>\$ 278,585</u>	<u>\$ 339,531</u>

BOROUGH OF SEWICKLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	HIGHWAY AID	JOINT MUNICIPAL PLANNING COMMITTEE	VISION AND ECONOMIC STUDY	CAPITAL RESERVE FUNDS 3 & 4	SINKING FUND	TOTAL
REVENUES:						
Interest	\$ 190	\$ 4	\$ -	\$ 1,166	\$ -	\$ 1,360
Intergovernmental	84,490	-	-	35,000	-	119,490
Contributions and Donations	-	5,000	-	-	-	5,000
Miscellaneous	-	-	-	1,503	-	1,503
TOTAL REVENUES	\$ 84,680	\$ 5,004	\$ -	\$ 37,669	\$ -	\$ 127,353
OTHER FINANCING SOURCES:						
Interfund Transfers	\$ -	\$ -	\$ -	\$ 3,511	\$ 220,891	\$ 224,402
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	\$ 3,511	\$ 220,891	\$ 224,402
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 84,680	\$ 5,004	\$ -	\$ 41,180	\$ 220,891	\$ 351,755
EXPENDITURES:						
General Government	\$ -	\$ 83,072	\$ -	\$ -	\$ 700	\$ 83,772
Debt Service	-	-	-	-	220,191	220,191
TOTAL EXPENDITURES	\$ -	\$ 83,072	\$ -	\$ -	\$ 220,891	\$ 303,963
OTHER FINANCING USES:						
Interfund Transfers	\$ 79,707	\$ -	\$ -	\$ -	\$ -	\$ 79,707
TOTAL OTHER FINANCING USES	\$ 79,707	\$ -	\$ -	\$ -	\$ -	\$ 79,707
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 79,707	\$ 83,072	\$ -	\$ -	\$ 220,891	\$ 383,670
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 4,973	\$ (78,068)	\$ -	\$ 41,180	\$ -	\$ (31,915)
FUND BALANCE - January 1, 2009	26,329	1,228	38	237,405	-	265,000
FUND BALANCE December 31, 2009	\$ 31,302	\$ (76,840)	\$ 38	\$ 278,585	\$ -	\$ 233,085

***REQUIRED SUPPLEMENTARY
INFORMATION***

BOROUGH OF SEWICKLEY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
DECEMBER 31, 2009

SCHEDULES OF FUNDING PROGRESS:

POLICE PENSION PLAN:

	(A)	(B)	(B-A) (UAAL) UNFUNDED	(A/B)	(C)	(B-A)/C
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO	COVERED PAYROLL	UAAL AS A % OF COVERED PAYROLL
1/1/1999	2,071,977	1,413,043	(658,934)	147%	432,334	-152%
1/1/2001	2,279,934	1,701,114	(578,820)	134%	426,342	-136%
1/1/2003	2,203,112	1,931,035	(272,077)	114%	490,197	-55.5%
1/1/2005	2,259,677	2,203,391	(56,286)	103%	511,019	-11.0%
1/1/2007	2,809,523	2,596,123	(213,400)	108%	553,502	-38.6%
1/1/2009	3,030,980	2,977,795	(53,185)	102%	655,685	-8.1%

NON-UNIFORMED PENSION PLAN:

	(A)	(B)	(B-A) (UAAL) UNFUNDED	(A/B)	(C)	(B-A)/C
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	ACTUARIAL ACCRUED LIABILITY	FUNDED RATIO	COVERED PAYROLL	UAAL AS A % OF COVERED PAYROLL
1/1/1999	1,442,207	1,105,323	(336,884)	130%	489,450	-69%
1/1/2001	1,551,348	1,358,160	(193,188)	114%	510,138	-38%
1/1/2003	1,482,799	1,489,826	7,027	100%	587,105	1.2%
1/1/2005	1,522,770	1,798,555	275,785	85%	594,180	46.4%
1/1/2007	1,889,623	2,201,742	312,119	86%	677,171	46.0%
1/1/2009	2,086,916	2,558,471	471,555	82%	779,265	53.7%

SCHEDULES OF EMPLOYER'S CONTRIBUTIONS:

YEAR ENDED DECEMBER 31	POLICE		NON-UNIFORM	
	ANNUAL REQ. CONTRIBUTION	PERCENTAGE CONTRIBUTED	ANNUAL REQ. CONTRIBUTION	PERCENTAGE CONTRIBUTED
2000	\$ 11,390	100%	\$ 20,934	100%
2001	13,730	100%	23,974	100%
2002	23,351	189%	46,657	100%
2003	29,208	159%	52,961	105%
2004	33,584	147%	54,344	86%
2005	69,168	0%	72,477	100%
2006	86,023	100%	110,104	100%
2007	92,555	100%	116,569	100%
2008	66,644	100%	134,672	100%
2009	91,486	100%	142,492	100%

BOROUGH OF SEWICKLEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009

NOTE 1 - TREND INFORMATION

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

NOTE 2 - ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the preceding required supplementary information section was determined as part of the actuarial valuations dated January 1, 2009. Additional information included as part of these valuations applicable to both the police and non-uniformed pension plans is as follows:

Actuarial Cost Method - Entry Age Normal

Amortization Method – Funding adjustment is 10% of the unfunded actuarial accrued liability

Remaining Amortization Period - N/A

Asset Valuation Method - Market Value

Investment Rate of return - 7.0% per annum

Salary Increase - 5.0% per annum

Disability Rates - None

Employee Termination - None

Mortality - 1994 Group Annuity Mortality Table