

BOROUGH OF SEWICKLEY



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

AUDIT OF FINANCIAL STATEMENTS

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEAR ENDED DECEMBER 31, 2010

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	i-ii
Management's Discussion and Analysis	ii-xvi
EXHIBIT A – STATEMENT OF NET ASSETS	1
EXHIBIT B – STATEMENT OF ACTIVITIES	2
EXHIBIT C – BALANCE SHEET – Governmental Funds	3
EXHIBIT D – RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	4
EXHIBIT E – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – Governmental Funds -General Fund	5
EXHIBIT F – RECONCILIATION OF THE GOVERNMENT FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	6
EXHIBIT G – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET TO ACTUAL – Governmental Funds -General Fund ...	7
EXHIBIT H – STATEMENT OF NET ASSETS – Proprietary Fund	8
EXHIBIT I – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS – Proprietary Fund	9
EXHIBIT J – STATEMENT OF CASH FLOWS – Proprietary Fund.....	10
EXHIBIT K – STATEMENT OF NET ASSETS – Fiduciary Funds.....	11
EXHIBIT L – STATEMENT OF CHANGES IN NET ASSETS – Fiduciary Funds.....	12
NOTES TO THE FINANCIAL STATEMENTS	13-32

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA

TABLE OF CONTENTS

SUPPLEMENTAL SCHEDULES:

SCHEDULE 1 - SCHEDULE OF BUDGET AND ACTUAL RECEIPTS - General Fund	33-35
SCHEDULE 2 - SCHEDULE OF BUDGET AND ACTUAL DISBURSEMENTS - General Fund	36-41
SCHEDULE 3 – COMBINING BALANCE SHEET – Non-Major Governmental Funds	42
SCHEDULE 4 – COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES – Non-Major Governmental Funds	43
REQUIRED SUPPLEMENTARY INFORMATION	44-45

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

INTRODUCTION

This discussion and analysis of the Borough of Sewickley's financial performance provide an overall review of the Borough's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2010. The intent of Management's Discussion and Analysis (MD&A) is to provide readers with an appreciation for the financial status of the Borough, the challenges faced and accomplishments achieved. The reader should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD& A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare the information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Borough of Sewickley has elected to exclude the information in this report. Subsequent reports, however, will include the comparative information.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2010 are as follows:

- The Borough's governmental activities net assets decreased by \$218,782 in 2010, or 3.8%.
- Unrestricted net assets for governmental activities were \$102,993 on December 31, 2010.
- The February 2010 Winter Storm caused several increases in expenses:
 - \$45,237.77 additional costs for snow and ice materials
 - \$35,739.46 additional costs for snow clearing and removal
 - \$24,201.70 additional costs for outside equipment and services to clear snow
 - \$23,896.92 additional costs for tree removals and trimming due to impact of snow

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

FINANCIAL HIGHLIGHTS (Continued)

- Total costs for the February 2010 Winter Storm was \$129,075.85 minus a FEMA/PEMA Grant of \$24,603.89. Net additional cost to Borough is \$104,471.96.
- Costs associated with the Aleppo Sewickley Osborne (ASO) Joint Zoning Ordinance were \$11,520 higher than budgeted.
- Costs associated with review and audit of the Borough of Sewickley Zoning Ordinance were \$90,365 higher than budgeted.
- Gasoline costs were \$12,000 higher than budget due to increases in costs of oil.
- The Borough of Sewickley continued to coordinate and pay for the Sewickley Valley Rivers Conservation and Management Project. The project addresses storm water issues in the fifteen communities surrounding Sewickley. The Borough was awarded a \$160,000 grant for the project which was cancelled by Pennsylvania agencies due to the budget crisis. The project was completed in December 2010.
- The Borough of Sewickley continued to complete the Dewatering Building and Headworks Project at the Wastewater Treatment Plant. The \$5,507,768.00 project is scheduled to be completed by July 1, 2011.
- The Borough of Sewickley was able to complete sewer service agreements with the Borough of Glen Osborne for a new interconnect and the Township of Aleppo to provide sewer services. This will allow for growth of customers for sewer services.
- The Borough of Sewickley completed ACT 537 Plans for the Borough of Glenfield and Haysville at a cost of \$53,149.50. However, the PA DEP Program for reimbursement of ACT 537 plans was cancelled.
- The Borough of Sewickley initialed an aggressive program for the collection of delinquent real estate program which produced \$123,425 in additional revenues.
- Earned income taxes exceeded budget by \$7,000; however, Business Privilege Tax receipts were down \$90,000 or 55%.
- The road infrastructure continues to be a concern in that the Borough of Sewickley is allocating \$600,000 per year for road improvements and is not at the Engineer's recommended annual level of \$1.2 million.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

USING THE ANNUAL FINANCIAL REPORT (GASB 34)

The Annual Financial Report consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Borough of Sewickley as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the Borough's overall financial status.

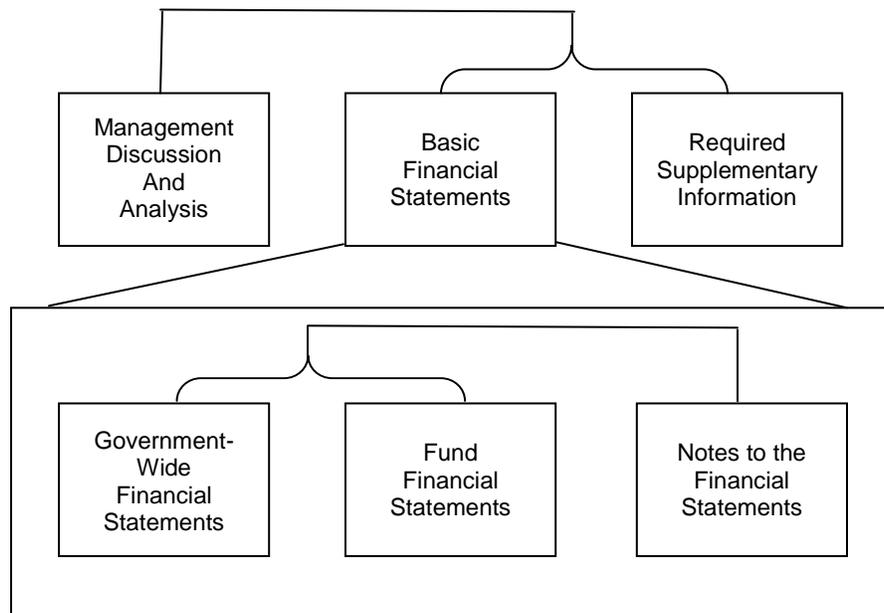
The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements tell how general Borough services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Borough acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The police pension and non-uniform pension funds comprise the Borough's fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required Components of
Borough of Sewickley's Financial Report



BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

USING THE ANNUAL FINANCIAL REPORT (GASB 34) (continued)

Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of the Borough of Sewickley
Government-wide and Fund Financial Statements

	GOVERNMENT-WIDE STATEMENTS	FUND STATEMENTS	
		GOVERNMENTAL FUNDS	FIDUCIARY FUNDS
SCOPE	Entire Borough (except fiduciary funds)	The activities of the Borough that are not proprietary or fiduciary, such as public safety, public works and general administration	Instances in which the Borough is the trustee or agent to someone else's resources – Pension Funds
REQUIRED FINANCIAL STATEMENTS	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets Statement of changes in fiduciary net assets
ACCOUNTING BASIS AND MEASUREMENT FOCUS	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
TYPE OF ASSET/LIABILITY INFORMATION	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
TYPE OF INFLOW-OUTFLOW INFORMATION	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

OVERVIEW OF FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Borough's net assets and how they have changed. Net assets, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health or position. Over time, increases or decreases in the Borough's net assets are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base and the condition of the Borough's infrastructure (roads and sewers).

The government-wide financial statements of the Borough consist of the following category:

- Governmental activities – All of the Borough's basic services are included here, such as general administration, public safety and public works. Property and Act 511 taxes and state grants finance most of these activities.
- Business-type activities – The Borough operates a sewer fund and charges user fees help cover the costs of operating the sewer system.

FUND FINANCIAL STATEMENTS

The Borough's fund financial statements, which begin on Page 3, provide detailed information about the most significant funds – not the Borough as a whole. The general and high aid funds are required by state law.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

FUND FINANCIAL STATEMENTS (Continued)

Governmental Funds – Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds – The Borough is the trustee, or fiduciary, for the police and non-uniform pension funds. All of the Borough's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on Pages 11 and 12. We exclude these activities from the Borough's other financial statements because the Borough cannot use these assets to finance its operations.

Enterprise Funds – The Borough operates a wastewater treatment facility.

FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE

This is the third year the Borough has presented its financial statements using the new reporting model required by Government Accounting Standards Board Statement No. 34 (GASB Statement #34), "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments. Because this reporting model significantly changes both the recording and presentation of financial data, the Borough has not restated prior fiscal years for the purpose of providing comparative information for MD&A. In future years, when prior year information is available, a comparative analysis of financial data will be included in this report.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

The Borough's net assets on December 31, 2010 are presented below:

Table A-1
Summary of Statement of Net Assets
Year Ended December 31, 2010

	----- DECEMBER 31, 2010 -----			-MEMO-
	GOVERNMENTAL	BUSINESS-TYPE		2009
	ACTIVITIES	ACTIVITIES	TOTAL	TOTAL
Current Assets	\$ 547,037	\$ 655,769	\$ 1,202,806	\$ 1,156,072
Non-Current Assets	6,767,764	7,753,567	14,521,331	11,302,397
TOTAL ASSETS	\$ 7,314,801	\$ 8,409,336	\$ 15,724,137	\$ 12,458,469
Current Liabilities	\$ 412,622	\$ 1,264,613	\$ 1,677,235	\$ 1,477,592
Long-term Liabilities	1,350,285	4,301,362	5,651,647	2,864,792
TOTAL LIABILITIES	\$ 1,762,907	\$ 5,565,975	\$ 7,328,882	\$ 4,342,384
Invested in Capital Assets, Net of Related Debt	\$ 5,448,901	\$ 2,926,941	\$ 8,375,842	\$ 8,087,352
Unrestricted (Deficit)	102,993	(85,580)	17,413	28,733
TOTAL NET ASSETS	\$ 5,551,894	\$ 2,841,361	\$ 8,393,255	\$ 8,116,085

Net assets of governmental activities decreased \$218,782 in 2010, or 3.8% to \$5,551,894. Net assets of business-type activities increased \$497,952 in 2010, or 21.2% to \$2,843,361.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenues are local taxes assessed to and derived from community taxpayers.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net assets for 2010.

Table A-2
Year ended December 31, 2010
Changes in Net Assets

REVENUES

Program Revenues:

Charges for Services	\$ 794,687	\$ 1,621,795	\$ 2,416,482	\$ 1,920,961
Operating Grants and Contributions	332,356	-	332,356	339,810
Capital Grants	-	-	-	-

General Revenues:

Property Taxes	2,155,253	-	2,155,253	2,140,844
Other Taxes	1,250,085	-	1,250,085	1,338,135
Cable Franchise Fees	48,162	-	48,162	44,335
Interest	678	368	1,046	3,667
Interfund Transfers	75,000	-	75,000	43,590
Refund of Prior Year Expenses	327,053	1,345	328,398	150,297
TAN Proceeds	400,000	-	400,000	400,000
Miscellaneous	45,037	-	45,037	10,265

TOTAL REVENUES	<u>\$ 5,428,311</u>	<u>\$ 1,623,508</u>	<u>\$ 7,051,819</u>	<u>\$ 6,391,904</u>
-----------------------	----------------------------	----------------------------	----------------------------	----------------------------

EXPENSES

General Government	\$ 1,042,870	\$ -	\$ 1,042,870	\$ 1,078,369
Public Safety - Police	1,543,357	-	1,543,357	1,431,617
Public Safety - Fire	177,308	-	177,308	174,224
Public Safety - Other	216,517	-	216,517	123,017
Public Works - Highways	1,619,471	-	1,619,471	1,377,918
Culture and Recreation	241,992	-	241,992	237,629
Interest on Debt/Principal TAN	459,202	-	459,202	474,123
Miscellaneous	346,376	-	346,376	32,961
Interfund Transfers	-	75,000	75,000	43,590
Sewer Operations	-	1,050,556	1,050,556	962,139

TOTAL EXPENSES	<u>\$ 5,647,093</u>	<u>\$ 1,125,556</u>	<u>\$ 6,772,649</u>	<u>\$ 5,935,587</u>
-----------------------	----------------------------	----------------------------	----------------------------	----------------------------

CHANGE IN NET ASSETS	<u>\$ (218,782)</u>	<u>\$ 497,952</u>	<u>\$ 279,170</u>	<u>\$ 456,317</u>
-----------------------------	----------------------------	--------------------------	--------------------------	--------------------------

Total government-wide revenues of \$5,428,311 were derived primarily from property taxes representing 39.7% of the total. Other taxes made up the next largest source of revenue of 23%, followed by charges for services at 14.6%.

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)

Table A-3
Year ended December 31, 2010
Governmental Activities

	2010	
	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES		
General Government	\$ 1,042,870	\$ (892,556)
Public Safety - Police	1,543,357	(1,099,805)
Public Safety - Fire	177,308	46,588
Public Safety - Other	216,517	(151,621)
Public Works - Highways	1,619,471	(1,394,936)
Culture and Recreation	241,992	(222,142)
Debt Service	459,202	(459,202)
Miscellaneous	346,376	(346,376)
	\$ 5,647,093	\$ (4,520,050)
TOTAL EXPENSES		
Less:		
Unrestricted Grants, Subsidies		-
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES		\$ (4,520,050)

Table A-4 reflects the activities of the Sewer Fund, the Business-type activities of the Borough for the year 2010.

Table A-4
Year ended December 31, 2010
Business-Type Activities

	SEWER FUND	
	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES		
Sewer Operations	\$ 1,050,556	\$ (571,239)
Interest		368
Miscellaneous		1,345
Transfer to General Fund		(75,000)
TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME		\$ 497,952

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

THE BOROUGH FUNDS

The following table compares the revenues, expenditures and change in fund balance of the Borough's General Fund for the years 2010 and 2009:

	<u>2010</u>	<u>2009</u>
REVENUES		
Taxes	\$ 3,218,046	\$ 3,266,904
Licenses and Permits	58,212	55,410
Fines and Forfeitures	138,536	149,520
Interest and Rents	4,235	5,341
Intergovernmental	266,699	221,257
Charges for Services	578,343	532,243
Miscellaneous	40,451	47,450
TOTAL REVENUES	<u>\$ 4,304,522</u>	<u>\$ 4,278,125</u>
EXPENSES		
General Government	\$ 1,016,586	\$ 984,284
Public Safety	1,826,960	1,710,122
Public Works	1,047,019	905,426
Culture and Recreation	163,134	158,771
Debt Service	108,799	116,511
TOTAL EXPENSES	<u>\$ 4,162,498</u>	<u>\$ 3,875,114</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	\$ 156,273	\$ 123,340
Refund of Prior Years Receipts/Expenses	38,584	(32,522)
Operating Transfers Out	(589,677)	(626,393)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>\$ (394,820)</u>	<u>\$ (535,575)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (252,796)</u>	<u>\$ (132,564)</u>

GENERAL FUND BUDGET

In December of 2009, the Borough of Sewickley adopted its annual budget for the General Fund in the amount of \$4,540,980. A schedule showing the Borough's original and final budget amounts compared with amounts actually paid and received is provided on Page 7.

PROPRIETARY FUNDS

The following table compares the revenues, expenses and change in net assets of the Borough's Proprietary Fund for the year 2010 and 2009:

	SEWER FUND	
	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 1,623,140	\$ 1,189,492
Operating Expenses	(967,304)	(884,502)
OPERATING (LOSS)	<u>\$ 655,836</u>	<u>\$ 304,990</u>
Nonoperating Revenues (Expenses)	\$ (82,884)	\$ (74,778)
Other Financing Sources	(75,000)	(20,877)
CHANGE IN NET ASSETS	<u>\$ 497,952</u>	<u>\$ 209,335</u>

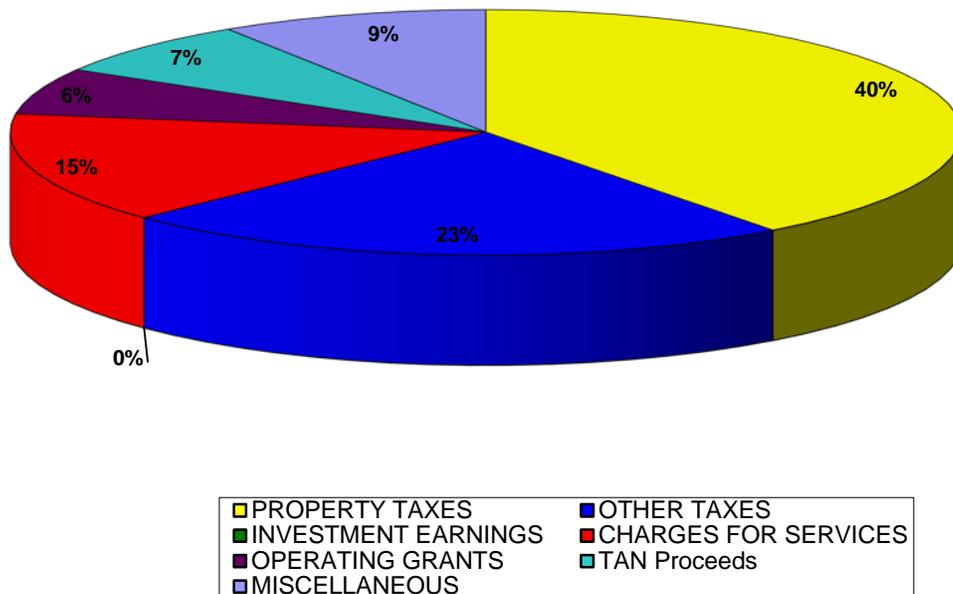
BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

PROGRAM REVENUE

Total government-wide revenues of \$5,428,311 were derived primarily from property taxes representing 39.7% of the total. Other taxes made up the next largest source of revenue of 23%, followed by charges for services at 14.6%.

The following chart graphically depicts the government-wide program revenues for the fiscal year ended December 31, 2010.

SOURCE OF REVENUES
TOTAL REVENUES: \$5,428,311



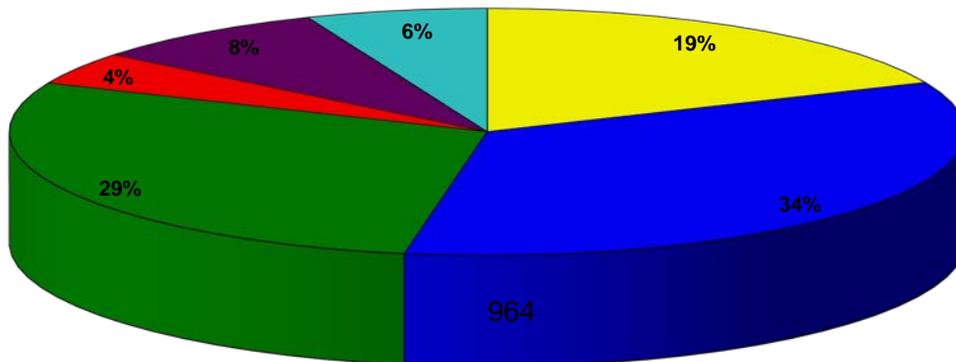
**BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010**

PROGRAM EXPENSE

Total expenses for all governmental activities in 2010 were \$5,647,093. The expenses reflect the delivery of a wide range of services, with the two largest areas being public safety at 34.3% and public works at 28.7%. General government expenses were 18.5% of total expenses.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2010.

**PROGRAM EXPENSES
TOTAL EXPENSES: \$5,647,093**



■ GENERAL GOVERNMENT	■ PUBLIC SAFETY
■ PUBLIC WORKS	■ CULTURE AND RECREATION
■ DEBT SERVICE	■ MISCELLANEOUS

BOROUGH OF SEWICKLEY
ALLEGHENY COUNTY, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
DECEMBER 31, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2010, the Borough had \$6,742,540 invested in capital assets, including land, infrastructure, buildings, machinery and equipment and vehicles net of depreciation. This amount represents a net decrease (including additions, deletions and depreciation) of \$209,869, or approximately 3% from last year. The Borough had approximately \$220,934 in capital additions during the 2010 year, most of which was, equipment and vehicle purchases, and building improvements.

Long Term Debt

On December 31, 2010, the Borough has \$6,107,273 of debt outstanding. This represents an increase of 93% due to the drawdowns on the new Pennvest loan. In March of 2011, the Borough issued Series A, B and C General Obligation Bonds for a total of \$12,500,000 to refund all outstanding debt of the Borough and for ongoing capital projects in the Borough.

Pension Trust Fund

The Borough of Sewickley has two pension plans – general employees and police. On December 31, 2010, the assets of the plans were \$6,202,935.

Contacting the Borough

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Kevin M. Flannery
Borough Manager/Secretary
Borough of Sewickley
601 Thorn Street
Sewickley, PA 15143

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

EXHIBIT A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 38,053	\$ (96,404)	\$ (58,351)
Investments	213	-	213
Due from other Governments	32,375	-	32,375
Internal Balances	(234,044)	234,044	-
Utilities Receivable	-	515,901	515,901
Taxes Receivable (Net)	621,440	-	621,440
Other Accounts Receivable	89,000	2,228	91,228
Total Current Assets	<u>\$ 547,037</u>	<u>\$ 655,769</u>	<u>\$ 1,202,806</u>
Noncurrent Assets:			
Land	\$ 285,326	\$ -	\$ 285,326
Infrastructure (net)	3,371,054	-	3,371,054
Site Improvements (net)	958,912	-	958,912
Buildings and Improvement (net)	571,886	2,547,618	3,119,504
Equipment (net)	1,328,875	468,350	1,797,225
Storm Sewers	-	788,337	788,337
Construction in Progress	226,487	3,936,311	4,162,798
Unamortized Bond Issue Costs	25,224	12,951	38,175
Total Noncurrent Assets	<u>\$ 6,767,764</u>	<u>\$ 7,753,567</u>	<u>\$ 14,521,331</u>
TOTAL ASSETS	<u>\$ 7,314,801</u>	<u>\$ 8,409,336</u>	<u>\$ 15,724,137</u>
LIABILITIES			
Current Liabilities:			
Payroll Deductions and Withholdings	\$ 6,078	\$ -	\$ 6,078
Payroll Payable	23,606	3,331	26,937
Accounts Payable	182,729	720,198	902,927
Due to Other Governmental Units	-	13,785	13,785
Bonds Payable - Current Portion	108,075	51,150	159,225
Notes Payable - Current Portion	79,975	476,149	556,124
Leases Payable - Current Portion	7,475	-	7,475
Accrued Interest Payable	4,684	-	4,684
Total Current Liabilities	<u>\$ 412,622</u>	<u>\$ 1,264,613</u>	<u>\$ 1,677,235</u>
Noncurrent Liabilities:			
Bonds Payable - Long Term Portion	\$ 878,975	\$ 466,800	\$ 1,345,775
Notes Payable - Long Term Portion	219,100	3,819,576	4,038,676
Accrued Compensated Absences	252,210	14,986	267,196
Total Noncurrent Liabilities	<u>\$ 1,350,285</u>	<u>\$ 4,301,362</u>	<u>\$ 5,651,647</u>
TOTAL LIABILITIES	<u>\$ 1,762,907</u>	<u>\$ 5,565,975</u>	<u>\$ 7,328,882</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	\$ 5,448,901	\$ 2,926,941	\$ 8,375,842
Unrestricted (Deficit)	102,993	(83,580)	19,413
TOTAL NET ASSETS	<u>\$ 5,551,894</u>	<u>\$ 2,843,361</u>	<u>\$ 8,395,255</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,314,801</u>	<u>\$ 8,409,336</u>	<u>\$ 15,724,137</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

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	\$ 1,042,870	\$ 50,017	\$ 100,297	\$ -	\$ (892,556)		\$ (892,556)
Public Safety - Police	1,543,357	327,098	116,454	-	(1,099,805)		(1,099,805)
Public Safety - Fire	177,308	189,492	34,404	-	46,588		46,588
Public Safety - Other	216,517	64,896	-	-	(151,621)		(151,621)
Public Works - Highways	1,619,471	143,334	81,201	-	(1,394,936)		(1,394,936)
Culture and Recreation	241,992	19,850	-	-	(222,142)		(222,142)
Debt Service	459,202	-	-	-	(459,202)		(459,202)
Miscellaneous	346,376	-	-	-	(346,376)		(346,376)
Total Governmental Activities	\$ 5,647,093	\$ 794,687	\$ 332,356	\$ -	\$ (4,520,050)		\$ (4,520,050)
Business-Type activities:							
Sewer	\$ 1,050,556	\$ 1,621,795	\$ -	\$ -		\$ 571,239	\$ 571,239
Total Business-Type Activities	\$ 1,050,556	\$ 1,621,795	\$ -	\$ -		\$ 571,239	\$ 571,239
Total Primary Government	\$ 6,697,649	\$ 2,416,482	\$ 332,356	\$ -	\$ (4,520,050)	\$ 571,239	\$ (3,948,811)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes (net)					\$ 2,155,253	\$ -	\$ 2,155,253
Act 511 Taxes					1,169,434	-	1,169,434
Sales Tax					80,651	-	80,651
Cable Franchise Fees					48,162	-	48,162
PURTA/Alcohol Beverage tax					7,035	-	7,035
Investment Earnings					678	368	1,046
Miscellaneous					38,002	1,345	39,347
TAN Proceeds					400,000	-	400,000
Refund of Prior Year Expenses					327,053	-	327,053
Interfund transfers					75,000	(75,000)	-
Total General Revenues					\$ 4,301,268	\$ (73,287)	\$ 4,227,981
Change in Net Assets					\$ (218,782)	\$ 497,952	\$ 279,170
Net Assets — January 1, 2010					5,770,676	2,345,409	8,116,085
Net Assets — December 31, 2010					\$ 5,551,894	\$ 2,843,361	\$ 8,395,255

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

EXHIBIT C

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and Cash Equivalents	\$ 22,542	\$ 15,510	\$ 38,052
Investments	213	-	213
Due from Other Governmental Units	32,375	-	32,375
Due from Other Funds	197,570	154,310	351,880
Taxes Receivable (Net)	615,942	5,500	621,442
Other Accounts Receivable	89,000	-	89,000
TOTAL ASSETS	\$ 957,642	\$ 175,320	\$ 1,132,962
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Payroll Deductions and Withholdings	\$ 6,078	\$ -	\$ 6,078
Due To Other Funds	447,424	138,500	585,924
Payroll Payable	23,606	-	23,606
Accounts Payable	109,703	73,026	182,729
Deferred Revenue	363,598	-	363,598
TOTAL LIABILITIES	\$ 950,409	\$ 211,526	\$ 1,161,935
FUND BALANCES:			
Undesignated - Unreserved:			
General Fund	\$ 7,233	\$ -	\$ 7,233
Highway Aid Fund	-	7,160	7,160
Joint Municipal Planning Committee Fund	-	(45,307)	(45,307)
Road Construction and Maintenance Fund	-	8,250	8,250
Capital Reserve Funds 3 & 4	-	164,150	164,150
Capital Reserve Fund 6	-	(170,459)	(170,459)
TOTAL FUND BALANCES (Deficit)	\$ 7,233	\$ (36,206)	\$ (28,973)
TOTAL LIABILITIES AND FUND BALANCES	\$ 957,642	\$ 175,320	\$ 1,132,962

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, 2010

Total Fund Balances - Governmental Funds \$ (28,973)

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 \$9,587,765, and the accumulated depreciation is \$2,845,226. 6,742,540

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 \$25,224. 25,224

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. 363,598

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	\$ 987,050	
Notes Payable	299,075	
Leases Payable	7,475	
Accrued interest on the bonds	4,685	
Compensated absences	252,210	
	(1,550,495)	(1,550,495)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 5,551,894**

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, 2010

	<u>GENERAL FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Taxes	\$ 3,218,046	\$ 119,411	\$ 3,337,457
Licenses and Permits	58,212	-	58,212
Fines and Forfeitures	138,536	-	138,536
Interest and Rents	4,235	183	4,418
Intergovernmental	266,699	130,701	397,400
Contributions and Donations	-	35,165	35,165
Charges for Services	578,343	49,048	627,391
Miscellaneous	40,451	-	40,451
Total Revenue	\$ 4,304,522	\$ 334,508	\$ 4,639,030
<u>EXPENDITURES</u>			
General Government	\$ 1,016,586	\$ 51,715	\$ 1,068,301
Public Safety	1,826,960	-	1,826,960
Public Works	1,047,019	337,267	1,384,286
Culture and Recreation	163,134	123,863	286,997
Debt Service	108,799	220,774	329,573
Total Expenditures	\$ 4,162,498	\$ 733,619	\$ 4,896,117
Excess (Deficiency) of Revenue over Expenditures	\$ 142,024	\$ (399,111)	\$ (257,087)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 156,273	\$ 658,117	\$ 814,390
Operating Transfers Out	(589,677)	(81,235)	(670,912)
Refund Prior Year Expenses	110,103	205,269	315,372
Refund Prior Year Receipts	(71,519)	(274,861)	(346,380)
Total Other Financing Sources (Uses)	\$ (394,820)	\$ 507,290	\$ 112,470
NET CHANGE IN FUND BALANCES	\$ (252,796)	\$ 108,179	\$ (144,617)
FUND BALANCE - JANUARY 1, 2010 (Deficit)	260,029	(144,385)	115,644
FUND BALANCE - DECEMBER 31, 2010 (Deficit)	\$ 7,233	\$ (36,206)	\$ (28,973)

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, 2010

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (144,617)**

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 depreciation expense (\$430,804) exceeds capital outlays (\$220,934) in the period. (209,870)

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. 220,245

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. 380

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 \$12,808 (12,808)

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 2010. (68,959)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ (218,782)**

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,291,325	\$ 3,291,325	\$ 3,218,046	\$ (73,279)
Licenses and Permits	57,200	57,200	58,212	1,012
Fines and Forfeitures	144,000	144,000	138,536	(5,464)
Interest and Rents	9,000	9,000	4,235	(4,765)
Intergovernmental	232,000	232,000	266,699	34,699
Charges for Services	556,555	556,555	578,343	21,788
Miscellaneous	90,900	90,900	40,451	(50,449)
Total Revenues	\$ 4,380,980	\$ 4,380,980	\$ 4,304,522	\$ (76,458)
EXPENDITURES				
General Government	\$ 1,329,380	\$ 1,329,380	\$ 1,016,586	\$ 312,794
Public Safety	1,748,012	1,748,012	1,826,960	(78,948)
Public Works	986,485	986,485	1,047,019	(60,534)
Culture and Recreation	148,928	148,928	163,134	(14,206)
Debt Service	115,841	115,841	108,799	7,042
Total Expenditures	\$ 4,328,646	\$ 4,328,646	\$ 4,162,498	\$ 166,148
Excess (Deficiency) of Revenues over Expenditures	\$ 52,334	\$ 52,334	\$ 142,024	\$ 89,690
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 75,000	\$ 75,000	\$ 156,273	\$ 81,273
Operating Transfers Out	(202,334)	(202,334)	(589,677)	(387,343)
Refund of Prior Year Expenses	-	-	110,103	110,103
Refund of Prior Year Receipts	(10,000)	(10,000)	(71,519)	(61,519)
Total Other Financing Sources (Uses)	\$ (137,334)	\$ (137,334)	\$ (394,820)	\$ (257,486)
NET CHANGE IN FUND BALANCES	\$ (85,000)	\$ (85,000)	\$ (252,796)	\$ (167,796)
FUND BALANCE - JANUARY 1, 2010	85,000	85,000	260,029	175,029
FUND BALANCE - DECEMBER 31, 2010	\$ -	\$ -	\$ 7,233	\$ 7,233

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
PROPRIETARY FUND - SEWER FUND
DECEMBER 31, 2010

ASSETS**Current Assets:**

Cash and Cash Equivalents	\$ (96,404)
Sewer Receivable	515,901
Due from Other Funds	364,614
Other Accounts Receivable	2,228
Total Current Assets	\$ 786,339

Noncurrent Assets:

Buildings	\$ 3,710,617
Equipment	1,701,255
Storm Sewers	834,877
Vehicles	79,471
Work in Progress	3,936,311
Bond Issue Costs	12,951
Accumulated Depreciation	(2,521,915)
Total Noncurrent Assets	\$ 7,753,567

TOTAL ASSETS**\$ 8,539,906****LIABILITIES****Current Liabilities:**

Accounts Payable	\$ 720,198
Payroll Payable	3,331
Due to Other Governmental Units	13,785
Due to Other Funds	130,570
Current Portion Long-Term Debt	527,299
Total Current Liabilities	\$ 1,395,183

Noncurrent Liabilities:

Bonds Payable - Long term portion	\$ 466,800
Notes Payable - Long term portion	3,819,576
Compensated Absences	14,986
Total Noncurrent Liabilities	\$ 4,301,362

TOTAL LIABILITIES**\$ 5,696,545****NET ASSETS**

Invested in Capital Assets Net of Related Debt	\$ 2,939,892
Unrestricted (Deficit)	(96,531)
TOTAL NET ASSETS	\$ 2,843,361

TOTAL LIABILITIES AND NET ASSETS**\$ 8,539,906**

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, 2010

OPERATING REVENUES:

Sewer Rentals	\$ 1,621,795
Miscellaneous	1,345
Total Operating Revenues	\$ 1,623,140

OPERATING EXPENSES:

Salaries and Wages	\$ 274,522
Employee Benefits	157,773
Materials and Supplies	14,681
Chemicals	21,653
Collection Fees - Sewickley Water Authority	39,398
Vehicle	5,026
Engineering	32,510
Insurance	30,914
Utilities	100,906
Uniforms	4,457
Repair and Maintenance	46,999
Contracted Services	11,692
Sludge Disposal	17,238
Depreciation	173,927
Miscellaneous	35,608
Total Operating Expenses	\$ 967,304

TOTAL OPERATING INCOME <LOSS> **\$ 655,836**

NON-OPERATING REVENUE <EXPENSE>:

Interest Income	\$ 368
Interest Expense	(81,958)
Amortization	(1,294)
TOTAL NON-OPERATING REVENUE <EXPENSE>	\$ (82,884)

OTHER FINANCING SOURCES <USES>:

Transfer to General Fund	\$ (75,000)
TOTAL OTHER FINANCING SOURCES <USES>	\$ (75,000)

CHANGE IN NET ASSETS **497,952**

NET ASSETS - JANUARY 1, 2010 2,345,409

NET ASSETS - DECEMBER 31, 2010 **\$ 2,843,361**

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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from user charges	\$ 1,553,351
Cash paid to employees for wages and benefits	(432,086)
Cash paid to vendors for goods and services	(406,449)
Net cash provided (used) by operating activities	<u>\$ 714,816</u>

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

Capital construction and purchases	\$ (3,931,462)
PENNVEST Proceeds	3,552,417
Bond principal payments	(49,600)
Note principal payments	(251,567)
Interest payments on debt	(81,958)
Net cash provided (used) by capital and related financing activities	<u>\$ (762,170)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	\$ 368
Net cash provided (used) by investing activities	<u>\$ 368</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Interfund transfers	\$ (75,000)
Net cash provided (used) by non-capital financing activities	<u>\$ (75,000)</u>

Net increase (decrease) in cash and cash equivalents	(121,986)
Cash and cash equivalents - January 1, 2010	<u>25,582</u>
Cash and cash equivalents - December 31, 2010	<u>\$ (96,404)</u>

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

Operating Income (Loss)	\$ 665,836
Adjustments to reconcile excess revenues over expenditures provided by (used in) operating activities:	
Depreciation	173,927
Changes in assets and liabilities:	
(Increase) decrease in water/sewer receivables	(72,928)
(Increase) decrease in other receivables	3,139
Increase (decrease) in accounts payable	(55,864)
Increase (decrease) in due to other governmental units	497
Increase (decrease) in payroll payable	209
Net cash provided (used) by operating activities	<u>\$ 714,816</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>POLICE PENSION FUND</u>	<u>NON-UNIFORM PENSION FUND</u>
ASSETS		
Cash and Cash Equivalents	\$ 121,022	\$ 155,998
Investments:		
Corporate/Municipal Obligations	1,042,748	751,855
Equity Securities	2,112,853	1,363,815
Accrued Interest	14,641	10,003
TOTAL ASSETS	<u>\$ 3,291,264</u>	<u>\$ 2,281,671</u>
LIABILITIES		
Other Current Liabilities	\$ -	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Held in Trust for Pension Benefits	\$ 3,291,264	\$ 2,281,671
TOTAL NET ASSETS	<u>\$ 3,291,264</u>	<u>\$ 2,281,671</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, 2010

	POLICE PENSION FUND	NON-UNIFORM PENSION FUND
	<u> </u>	<u> </u>
ADDITIONS		
Interest/Dividends	\$ 91,994	\$ 61,794
Realized Gains/(Losses)	46,249	37,002
Unrealized Appreciation	195,441	118,233
Employer Contributions	121,242	186,236
Other Cash Receipts	356	138
Transfer from General Fund	-	-
TOTAL ADDITIONS	<u>\$ 455,282</u>	<u>\$ 403,403</u>
 DEDUCTIONS		
Benefit Payments	\$ (59,510)	\$ (124,552)
Administrative Expenses	(29,040)	(18,164)
TOTAL DEDUCTIONS	<u>\$ (88,550)</u>	<u>\$ (142,716)</u>
 CHANGE IN NET ASSETS	 \$ 366,732	 \$ 260,687
 NET ASSETS - JANUARY 1, 2010	 <u>2,924,532</u>	 <u>2,020,984</u>
 NET ASSETS - DECEMBER 31, 2010	 <u>\$ 3,291,264</u>	 <u>\$ 2,281,671</u>

The accompanying notes are an integral part of these financial statements

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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, 2010

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.

NON-MAJOR GOVERNMENTAL FUNDS:

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.

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, 2010

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.

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, 2010

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, 2010 are **1)** delinquent real estate taxes earned by the Borough in the fourth quarter of 2010 **2)** deed transfer taxes and vehicle code violations earned by the Borough in December of 2010 **3)** certain taxpayer assessed Act 511 taxes, **4)** sewer fees billed to the Borough residents and collected in January 2011 **5)** cable franchise fees earned during the year, and **6)** other miscellaneous revenues estimable and available to the Borough for 2010 but not as yet collected at December 31, 2010.

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, 2010 are those for which the Borough's intention was to expense these items as budgeted for in the 2010 official budget, and for which the Borough has incurred an obligation during 2010, but has not paid as of December 31, 2010.

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 2009, the Borough of Sewickley adopted its 2010 annual budget for its General Fund totaling \$4,540,980 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 2010. 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, 2010

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, 2010.

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, 2010.

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, 2010

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 \$252,210 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, 2010

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, 2010, the Borough Council has not designated any portion of the general fund balance.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS:

At December 31, 2010, the Borough of Sewickley had the following carrying values on its cash and cash equivalent accounts:

	Bank Balance	(Memo Only) Book Balance
General Fund	\$ 125,300	\$ 22,542
Non-major Funds	19,974	15,510
Sewer Fund	107,172	(96,404)
Fiduciary Funds	259	259
Total	\$ 252,705	\$ (58,093)

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 in interest bearing accounts (time and savings deposits) at the Borough’s depositories is insured through the Federal Deposit Insurance Corporation (FDIC). Non-interest bearing accounts (demand and checking accounts) are insured fully from December 31, 2010 to December 31, 2012.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010, none of the Borough's bank balance total is exposed to custodial credit risk. 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, 2010 is as follows:

	<u>Fair Value</u>	<u>No Stated Maturity</u>	<u>1-5 Years</u>
Governmental Funds:			
PLGIT	\$ 213	\$ 213	\$ -
Fiduciary Funds:			
Corporate & Municipal Obligations	\$ 1,794,603	\$ -	\$ 1,794,603
Equity Securities	3,476,668	3,476,668	-
Money Market Funds	276,761	276,761	-
	<u>\$ 5,548,032</u>	<u>\$ 3,753,429</u>	<u>\$ 1,794,603</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. 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, 2010

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, 2010, 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, 2010.

Interest Rate Risk:

Interest rate risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. 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:

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. 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, 2010	(Discount period)
May 1 – June 30, 2010	(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, 2010, \$105,713 of 2010 real estate taxes are unpaid which represents 4.9% of the total assessed property taxes for 2010.

The tax millage assessment for the 2010 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, 2010

NOTE 5 - RECEIVABLES

Receivables, as reflected in Exhibit C, consist of the following at December 31, 2010:

TAXES:	
Delinquent real estate	\$ 398,729
Deed transfer taxes	9,991
Earned income tax	186,075
Business privilege	21,147
	<u>\$ 615,942</u>
OTHER:	
Cable franchise fees	\$ 12,622
Municipal fines	3,281
Miscellaneous	73,097
	<u>\$ 89,000</u>

NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS

The 'due from other governmental units' total of \$32,375, as reflected in Exhibit A & C, represents amounts earned by and due the Borough of Sewickley for 2009 from other governmental agencies as follows:

Commonwealth of PA - Act 77	\$ 6,579
Osborne Secretarial/Code services	10,543
Police/Crossing Guard Reimbursement	10,263
Fuel	4,990
	<u>\$ 32,375</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:

	RECEIVABLE	PAYABLE
General Fund	\$ 197,570	\$ 447,424
Non-Major Governmental Funds	154,310	138,500
Sewer Fund	364,614	130,570
	<u>\$ 716,494</u>	<u>\$ 716,494</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, 2010 the General Fund transferred \$589,677 to various other funds and received \$156,272 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, 2010

NOTE 8 - CAPITAL ASSETS

A summary of the governmental and business-type fixed asset activity for the 2010 calendar year was as follows:

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Governmental Activities				
Land	\$ 285,326	\$ -	\$ -	\$ 285,326
Infrastructure	3,857,880	314,404	-	4,172,284
Site Improvements	1,245,875	-	-	1,245,875
Buildings and Improvements	1,040,547	22,244	-	1,062,791
Machinery and Equipment	1,550,742	34,240	-	1,584,982
Vehicles	979,637	30,383	-	1,010,020
Construction in Progress	406,823	134,068	(314,404)	226,487
	<u>\$ 9,366,830</u>	<u>\$ 535,339</u>	<u>\$ (314,404)</u>	<u>\$ 9,587,765</u>
Less: Accumulated depreciation				
Infrastructure	\$ (722,335)	\$ (161,816)	\$ -	\$ (884,151)
Site Improvement	(222,905)	(56,908)	-	(279,813)
Buildings and Improvements	(443,206)	(31,139)	-	(474,345)
Machinery and Equipment	(499,110)	(41,468)	-	(540,578)
Vehicles	(526,865)	(139,473)	-	(666,338)
	<u>\$ (2,414,421)</u>	<u>\$ (430,804)</u>	<u>\$ -</u>	<u>\$ (2,845,225)</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,952,409</u>	<u>\$ 104,535</u>	<u>\$ (314,404)</u>	<u>\$ 6,742,540</u>

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Business-Type Activities				
Buildings	\$ 3,710,618	\$ -	\$ -	\$ 3,710,618
Equipment	1,682,683	18,573	-	1,701,256
Storm Sewers	790,597	44,277	-	834,874
Vehicles	79,471	-	-	79,471
Construction in Progress	391,984	3,544,327	-	3,936,311
	6,655,353	3,607,177	-	10,262,530
Less: Accumulated Depreciation	(2,347,987)	(173,927)	-	(2,521,914)
Business-Type Activities Capital Assets, Net	<u>\$ 4,307,366</u>	<u>\$ 3,433,250</u>	<u>\$ -</u>	<u>\$ 7,740,616</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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	232,385
Culture and Recreation	78,858
	<u><u>\$ 430,804</u></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.

<u>Year End</u> <u>31-Dec</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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><u>\$ 269,926</u></u>	<u><u>\$ 26,930</u></u>	<u><u>\$ 296,856</u></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.

<u>Year End</u> <u>31-Dec</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 29,149</u>	<u>\$ 464</u>	<u>\$ 29,613</u>

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010 debt service requirement on the general obligation bonds are as follows:

Year End 31-Dec	Principal	Interest	Total
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	190,000	32,194	222,194
2016-2018	620,000	51,006	671,006
	<u>\$ 1,505,000</u>	<u>\$ 274,282</u>	<u>\$ 1,779,282</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
2011	\$ 7,475	\$ 493	\$ 7,968

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 First Commonwealth 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.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 – BUSINESS-TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS (Continued)

NOTE PAYABLE SERIES OF 2008 – FIRST COMMONWEALTH BANK (Continued)

Year End 31-Dec	Principal	Interest	Total
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	74,181	1,572	75,753
	<u>\$ 425,097</u>	<u>\$ 46,405</u>	<u>\$ 471,502</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
2011	\$ 75,519	\$ 7,813	\$ 83,332
2012	78,951	4,381	83,332
2013	54,636	4,986	59,622
	<u>\$ 209,106</u>	<u>\$ 17,180</u>	<u>\$ 226,286</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
2011	\$ 104,863	\$ 7,181	\$ 112,044
2012	100,394	2,312	102,706
	<u>\$ 205,257</u>	<u>\$ 9,493</u>	<u>\$ 214,750</u>

NOTE PAYABLE SERIES OF 2010 – PENNVEST

In December of 2009, the Borough of Sewickley entered into a loan agreement with the Pennsylvania Infrastructure Authority (PENNVEST) in the amount of \$5,299,650 for the purpose of improvements to the Borough's sewer system. Interest on the note will be charged at 2.28% for the first sixty (60) months of repayment of the principal and interest and 3.051% for the remainder of the loan term. The Borough of Sewickley is a guarantor on the note. As of December 31, 2010, the Authority drew down \$3,552,417 of the proceeds on the note. The loan balance at December 31, 2010 is \$3,456,262 and the loan is interim amortized.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 12 – CHANGES IN LONG-TERM DEBT OBLIGATIONS

The following represents the changes in the Borough's long-term liabilities during the 2010 calendar year:

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Due Within</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 1,097,450	\$ -	\$ 110,400	\$ 987,050	\$ 108,075
General Obligation Notes	390,227	-	91,152	299,075	79,975
TAN	-	400,000	400,000	-	-
Leases Payable	26,168	-	18,693	7,475	7,475
Total long-term debt -					
Governmental activities	\$ 1,513,845	\$ 400,000	\$ 620,245	\$ 1,293,600	\$ 195,525
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 567,550	\$ -	\$ 49,600	517,950	\$ 51,050
General Obligation Notes	1,091,028	3,552,417	347,720	4,295,725	476,149
Total long-term debt -					
Business-Type Activities	\$ 1,658,578	\$ 3,552,417	\$ 397,320	\$ 4,813,675	\$ 527,199

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 \$121,242 to the plan in 2010.

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 \$186,236 to the plan in 2010.

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, 2010

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, 2010. 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, 2010:

	<u>POLICE</u>	<u>%</u>	<u>NONUNIFORM</u>	<u>%</u>
Money Market Funds	\$ 121,022	3.7%	\$ 155,998	6.9%
Corporate Bonds	1,042,748	31.8%	751,855	33.1%
Equity Securities	2,112,853	64.5%	1,363,815	60.0%

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:			
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%	-
2010	121,242	100%	-
NON-UNIFORM:			
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%	-
2010	186,236	100%	-

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 2010 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, if applicable, have not exceeded commercial insurance coverage for the past three years.

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, 2010, 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 17– SUBSEQUENT EVENTS

On January 3, 2011, the Borough of Sewickley entered into a loan agreement in the form of a Tax Anticipation Note, with the Sewickley Water Authority, in the amount of \$500,000. The interest rate on the note is 2.25% and the maturity date is April 29, 2011.

In March of 2011, the Borough of Sewickley issued General Obligation Bonds Series A, B and C of 2011 in the total amount of \$12,500,000, for the purpose of repaying all of the Borough's existing debt obligations and to fund current capital projects within the Borough.

The Borough is not aware of any other subsequent events after December 31, 2010 and through the date of the financial statements, May 5, 2011, that would require recognition or disclosure in the financial statements.

NOTE 18 – PENDING GASB PRONOUNCEMENTS

In March of 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the Borough of Sewickley during the 2011 year. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on an entity's fund balance more transparent for fund financial statements. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

BOROUGH OF SEWICKLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 18 – PENDING GASB PRONOUNCEMENTS (Continued)

Restricted Fund Balances - Restricted fund balances represent the portion of fund balance that is restricted to be spent for a specific purpose and the restriction is externally imposed by creditors, grantors, contributors, laws or regulations of other governments or by enabling legislation.

Committed Fund Balances - Committed fund balances represent the portion of fund balance that can only be used for specific purposes as a result of formal action by the Borough Council. Once an item is committed, it cannot be used for any other purposes unless changed by the same procedures used to initially constrain the funds.

Assigned Fund Balances - Assigned fund balances represent the Borough's intent to use funds for a specific purpose but the funds are not considered to be restricted or committed. For funds other than the general fund, this classification includes all remaining funds that are not considered restricted or committed.

Unassigned Fund Balances - Unassigned fund balances represent the portion of spendable fund balances that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance. A negative unassigned fund balance may occur in any fund when expenditures exceed revenues. However, any amount listed as assigned must then be reduced to eliminate the negative unassigned fund balance.

***SUPPLEMENTAL
SCHEDULES***

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET	ACTUAL	(MEMORANDUM ONLY) PRIOR YEAR
<u>TAXES:</u>			
Real estate - current	\$ 2,070,000	\$ 2,040,652	\$ 2,015,987
Real estate - prior	10,000	3,945	9,276
Real estate - delinquent	10,000	-	-
Real estate - liened	80,000	123,425	120,530
Per capita tax	10,275	8,588	9,424
Real estate transfer tax	120,000	94,911	119,816
Earned income tax	785,000	859,427	776,939
Business privilege tax	200,000	110,970	207,252
Penalties & interest on delinquent taxes	6,050	(23,872)	7,679
TOTAL TAXES	\$ 3,291,325	\$ 3,218,046	\$ 3,266,904
<u>LICENSES AND PERMITS:</u>			
Amusement licenses	\$ 7,500	\$ 4,250	\$ 6,000
Cable franchise license	42,500	48,162	44,335
Tree Expert License	200	50	75
Street permits	7,000	5,750	5,000
TOTAL LICENSES AND PERMITS	\$ 57,200	\$ 58,212	\$ 55,410
<u>FINES AND FORFEITURES:</u>			
Motor vehicle code violations	\$ 45,000	\$ 45,975	\$ 43,237
Parking violations	89,000	79,111	93,796
Non-Traffic Citations	10,000	13,450	12,487
TOTAL FINES AND FORFEITURES	\$ 144,000	\$ 138,536	\$ 149,520
<u>INTEREST AND RENTS:</u>			
Interest	\$ 5,000	\$ 496	\$ 1,711
Rents	4,000	3,739	3,630
TOTAL INTEREST AND RENTS	\$ 9,000	\$ 4,235	\$ 5,341
<u>INTERGOVERNMENTAL:</u>			
PURTA	\$ 4,400	\$ 4,635	\$ 4,368
Liquor licenses	2,600	2,400	2,774
Municipal pension state aid	110,000	116,454	109,480
Foreign fire insurance	31,000	34,404	30,566
State Grants	10,000	3,551	-
FEMA	-	24,604	-
Act 77 revenues	74,000	80,651	74,068
TOTAL INTERGOVERNMENTAL	\$ 232,000	\$ 266,699	\$ 221,257

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET	ACTUAL	(MEMORANDUM ONLY) PRIOR YEAR
<u>CHARGES FOR SERVICES:</u>			
Osborne Borough secretary services	\$ 25,000	\$ 30,619	\$ 22,087
Osborne Crossing guard	2,400	5,084	4,560
Zoning permits	500	500	-
Engineering review	1,000	-	-
Zoning hearing fees	8,000	4,500	8,000
No lien Letter	3,500	3,660	4,525
Sale of maps	50	19	-
Sale of Code	50	-	-
Sale of ordinances	300	580	20
Sale of subdivision	50	-	-
Sale of street banner permits	6,000	6,900	6,250
Sale of recycling bins	250	310	395
Special police services	110,725	129,736	132,714
Fire protection services-Haysville	3,630	4,213	4,213
Fire protection services-Osborne	18,000	17,032	17,032
Fire equipment replacement fund	3,200	3,511	3,511
Code service fees	-	9,749	11,674
Building permits	75,000	49,397	48,026
Occupancy Permits	300	-	300
Parking meter revenues	225,000	187,735	218,115
Parking permits	1,500	827	792
Salt Reimbursement	26,000	28,963	19,403
Special public works services	2,000	1,447	485
Road project	5,000	19,990	-
Road project - Prior Year	-	19,990	-
Park shelter fees	10,000	10,980	9,360
Tree fund-license/permits/donations	4,000	4,570	2,200
QVSD Gas	12,600	25,286	9,034
BSWA Gas	12,500	12,744	9,547
TOTAL CHARGES FOR SERVICES	\$ 556,555	\$ 578,343	\$ 532,243
<u>MISCELLANEOUS:</u>			
Miscellaneous revenue	\$ 52,500	\$ 2,329	\$ 6,601
Contributions and Donations	15,000	3,186	10,250
Phone revenue	-	-	2,085
Health Insurance Reimbursements	23,400	24,376	24,125
Refunds and Reimbursements	-	10,561	4,389
TOTAL MISCELLANEOUS	\$ 90,900	\$ 40,451	\$ 47,451

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>OTHER FINANCIAL SOURCES:</u>			
Transfer from Liquid Fuels	\$ -	\$ 81,235	\$ 79,707
Transfer from Sewer Fund	75,000	75,000	43,633
Transfer from Visioning Study	-	38	-
Refund of Prior Year Expenses	-	110,103	231
TOTAL OTHER FINANCIAL SOURCES	<u>\$ 75,000</u>	<u>\$ 266,375</u>	<u>\$ 123,571</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 4,455,980</u>	 <u>\$ 4,570,896</u>	 <u>\$ 4,401,696</u>

**BOROUGH OF SEWICKLEY
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY) PRIOR YEAR</u>
<u>GENERAL GOVERNMENT:</u>			
<u>LEGISLATIVE BODY:</u>			
Salary - manager	\$ 83,933	\$ 94,467	\$ 114,545
Salary - borough secretary	2,500	2,500	2,500
Salaries - staff	117,364	139,907	126,289
Life/accident insurance	4,500	4,723	4,627
Dental insurance	4,187	4,296	4,014
Long term disability insurance	3,110	2,413	2,412
Vision care	431	458	432
Keystone HMO	36,274	42,659	39,932
Pension	38,041	40,473	28,802
Social security(FICA)	15,908	18,150	18,333
Unemployment compensation	2,200	283	71
Workmans comp	8,000	10,795	12,763
Admin Overtime	3,000	2,166	1,286
Materials and supplies	7,500	10,512	7,614
Other expense	11,000	9,130	9,285
Computer maintenance	6,500	21,273	1,966
Computer services	23,000	18,685	27,504
Auditing services	8,000	7,370	4,260
Web Site	5,000	14,387	1,869
Solicitor retainer	7,200	6,700	6,500
Other legal services	45,000	81,854	66,190
Engineer	55,000	38,463	79,467
Telephone	9,500	6,547	10,344
Postage	4,000	3,642	3,042
Equipment Lease	14,000	18,507	21,618
Auto allowance manager	2,000	1,773	1,021
Advertising	-	13,906	8,070
Annual report	5,600	-	-
Property and liability insurance	24,370	34,835	34,503
Dues/subscriptions and memberships	9,000	13,188	5,765
Meetings and conferences	8,000	5,934	8,670
Road project	470,000	-	-
Contingencies	87,760	130,614	98,851
Center Contribution	12,500	12,500	10,000
TOTAL LEGISLATIVE BODY	\$ 1,134,378	\$ 813,110	\$ 762,548

**BOROUGH OF SEWICKLEY
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY) PRIOR YEAR</u>
<u>GENERAL GOVERNMENT: (continued)</u>			
<u>TAX COLLECTION:</u>			
Salary	\$ 2,400	\$ 2,214	\$ 2,257
Social Security(FICA)	250	92	184
Unemployment insurance	450	42	79
Workers compensation	800	683	809
Other expense	11,000	21,475	24,821
Wage tax collection fees	15,000	16,037	19,745
LST collection fees	2,600	2,157	2,401
Business privilege collection fees	4,200	2,993	4,476
Telephone	350	325	362
TOTAL TAX COLLECTION	\$ 37,050	\$ 46,019	\$ 55,135
<u>MUNICIPAL BUILDING AND PLANT:</u>			
Salary staff	\$ 38,188	\$ 38,287	\$ 36,771
Life/accident insurance	424	583	530
Dental insurance	413	425	401
Long term disability insurance	370	382	376
Vision care	104	117	111
Keystone HMO	6,508	6,165	5,884
Pension	10,347	10,347	7,916
Social Security(FICA)	2,998	3,096	3,011
Unemployment insurance	1,000	256	247
Workers compensation	2,700	1,708	2,024
Overtime	1,500	2,226	1,745
Uniform maintenance	700	685	886
Materials and supplies	6,500	5,648	6,396
Property and liability insurance	7,200	6,012	6,099
Electricity	32,000	35,098	31,900
Gas	22,000	14,610	18,757
Repairs and maintenance	25,000	31,812	43,548
TOTAL MUNICIPAL BUILDING AND PLANT	\$ 157,952	\$ 157,457	\$ 166,601
TOTAL GENERAL GOVERNMENT	\$ 1,329,380	\$ 1,016,586	\$ 984,284

**BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>PUBLIC SAFETY:</u>			
<u>POLICE PROTECTION:</u>			
Salary - chief	\$ 79,108	\$ 57,345	\$ 102,438
Salary - sergeants	217,315	63,690	82,112
Salary - full time patrolmen	329,160	397,107	376,471
Salary - part time patrolmen	50,000	113,526	106,218
Salary - Full time desk	35,423	35,513	27,353
Salary - meter patrol	37,423	26,588	36,272
Salary - Sick Pay	-	50,539	-
Life/accident insurance	5,000	12,984	12,451
Dental insurance	13,000	10,343	10,035
Long term disability insurance	3,352	3,712	3,720
Vision care	1,040	955	963
Keystone HMO	148,841	132,750	137,098
Supplemental Retirement	2,400	2,600	2,200
Pension	131,954	131,589	99,402
Social Security(FICA)	62,382	66,032	63,723
Unemployment insurance	8,200	5,209	4,987
Workers compensation	76,335	64,914	76,896
Overtime	25,000	45,462	49,487
Longevity	20,261	17,500	18,016
OIC	9,499	4,568	8,972
Shift differential	3,576	4,130	3,945
Court fees	17,000	19,988	18,757
Holiday pay - ftp	24,059	27,324	26,720
Dare grant - expenses	4,500	2,303	2,201
Uniform maintenance	11,000	13,497	6,841
Material and supplies	3,200	3,174	3,862
Other expense	26,000	29,663	40,267
Computer Maintenance	12,500	10,322	6,216
Computer services	8,000	9,386	3,235
Gasoline and oil	12,500	15,963	3,419
Vehicle operating expense	10,000	10,822	16,005
Tires	3,800	2,974	688
Training rifle range	4,000	1,257	1,900
Telephone	12,000	14,915	13,581
Postage	2,500	2,908	2,152
Radio maintenance	2,500	632	81
Auto expense/chief	250	286	-
Property and liability insurance	17,500	13,663	14,552
Dues, subscriptions and memberships	750	905	500
Meetings and conferences	2,000	1,040	981
New police car	45,000	32,801	55,906
Quaker Valley Ambulance Authority	35,118	35,118	35,118
TOTAL POLICE PROTECTION	\$ 1,513,446	\$ 1,495,996	\$ 1,475,742

**BOROUGH OF SEWICKLEY
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY) PRIOR YEAR</u>
<u>PUBLIC SAFETY: (continued)</u>			
<u>FIRE PROTECTION:</u>			
Materials and supplies	1,200	\$ 1,094	\$ 1,001
Other expense	2,000	1,966	1,878
Fire hose and couplings	6,000	4,606	5,880
Vehicle operating expense	22,000	20,435	26,109
Telephone and radio expense	9,000	6,378	8,263
Foreign casualty premium	35,500	34,404	30,566
Contracted services	40,000	43,333	36,667
Training	3,000	2,229	1,000
TOTAL FIRE PROTECTION	\$ 118,700	\$ 114,447	\$ 111,364
<u>PROTECTIVE INSPECTION:</u>			
Salary code enforcement officer	\$ 52,920	\$ 53,051	\$ 50,941
Life insurance/accident	700	720	660
Long term disability	400	388	286
Keystone	4,000	3,000	5,000
Pension	10,346	10,347	7,916
FICA	4,050	4,045	3,995
Unemployment comp	625	256	247
Workers comp	1,575	1,708	2,024
Materials and supplies	1,500	1,313	1,110
DCED-UCC Training	-	128	-
Zoning hearing board - legal service	16,000	4,890	26,082
Zoning hearing board - steno service	1,800	1,176	-
Telephone	1,200	1,345	1,256
Postage and advertising	1,250	1,801	1,496
Historic review commission	500	-	-
Planning commission	9,000	22,695	1,158
Zoning ordinance update	10,000	109,655	20,846
TOTAL PROTECTIVE INSPECTION	\$ 115,866	\$ 216,517	\$ 123,017
TOTAL PUBLIC SAFETY	\$ 1,748,012	\$ 1,826,960	\$ 1,710,122
<u>PUBLIC WORKS:</u>			
Salary foreman	\$ 51,667	\$ 52,694	\$ 49,932
Salaries	301,278	250,704	232,252
Life/accident insurance	4,400	4,872	4,098
Dental insurance	7,961	7,030	6,819
Long term disability	2,952	2,604	2,609
Vision care	728	747	751
Keystone HMO	101,856	102,468	97,767
Pension	72,422	72,423	55,414
Social Security(FICA)	31,821	33,654	31,265
Unemployment insurance	7,500	2,872	2,775
Workers compensation	45,000	43,731	51,804
Overtime	35,000	69,645	47,873

**BOROUGH OF SEWICKLEY
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY) PRIOR YEAR</u>
<u>PUBLIC WORKS: (continued)</u>			
Uniform maintenance	5,600	8,055	5,752
Snow and ice materials	45,000	90,238	30,860
Gasoline and oil	34,500	60,948	35,473
Vehicle operation maintenance	24,000	30,066	29,747
Vehicle operating expense	26,000	41,366	26,898
Storm sewers	-	-	198
Asphalt products	5,000	2,085	1,725
Street signs and markings	12,000	9,632	14,366
Other highway care expenses	25,000	23,171	39,025
Tools and minor equipment	10,000	6,920	4,630
Telephone and radio	2,800	2,552	3,422
Property and liability insurance	14,000	12,023	12,199
Meter repair	10,000	13,946	11,602
Equipment rental	-	45	-
Traffic signals	15,000	12,244	26,795
Street lighting	95,000	90,282	79,375
TOTAL PUBLIC WORKS	\$ 986,485	\$ 1,047,019	\$ 905,426
<u>CULTURE AND RECREATION:</u>			
<u>PARKS AND RECREATION:</u>			
Salaries	\$ 35,000	\$ 36,622	\$ 34,500
FICA (SS)	2,678	-	-
Unemployment insurance	750	6	9
Workers compensation	6,000	5,467	6,475
Materials and supplies	5,000	7,468	4,650
Repairs	12,500	18,432	23,652
Property and liability	7,000	6,012	6,099
TOTAL PARKS AND RECREATION	\$ 68,928	\$ 74,006	\$ 75,386
<u>SHADE TREES:</u>			
Tree trimming and removal	\$ 45,000	\$ 61,090	\$ 54,593
Tree maintenance and spraying	10,000	8,735	10,980
Sidewalk Repair	10,000	3,195	5,980
Plantings	15,000	16,109	11,833
TOTAL SHADE TREES	\$ 80,000	\$ 89,128	\$ 83,385
TOTAL CULTURE AND RECREATION	\$ 148,928	\$ 163,134	\$ 158,771

BOROUGH OF SEWICKLEY
DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<u>DEBT SERVICE:</u>			
TAN Interest	\$ 11,000	\$ 3,960	\$ 11,672
Debt Principal	104,841	91,152	87,548
Debt Interest	-	13,688	17,291
TOTAL DEBT SERVICE	<u>\$ 115,841</u>	<u>\$ 108,799</u>	<u>\$ 116,511</u>
<u>OTHER FINANCING USES:</u>			
Tax Refund Assessment	10,000	21,858	7,122
Refund Prior Year Receipts	-	49,660	25,631
Transfer to Sewer Fund	-	-	43
Transfer to Police Pension	-	-	207
Transfer to Capital Reserves #3	25,000	25,000	-
Transfer to Capital Reserves #4	25,000	5,343	3,511
Transfer to Capital Reserves #6	-	89,100	-
Transfer to Sinking Fund	152,334	159,234	152,632
Transfer to Road Construction & Maintenance	-	311,000	470,000
TOTAL OTHER FINANCING USES	<u>\$ 212,334</u>	<u>\$ 661,194</u>	<u>\$ 659,146</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,540,980</u>	<u>\$ 4,823,692</u>	<u>\$ 4,534,260</u>

BOROUGH OF SEWICKLEY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>HIGHWAY AID</u>	<u>JOINT MUNICIPAL PLANNING COMMITTEE</u>	<u>ROAD CONSTRUCTION AND MAINTENANCE</u>	<u>CAPITAL RESERVE FUNDS 3 & 4</u>	<u>CAPITAL RESERVE FUND 6</u>	<u>TOTAL</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 7,160	\$ (1,107)	\$ 2,750	\$ 9,840	\$ (3,133)	\$ 15,510
Taxes Receivable	-	-	5,500	-	-	5,500
Due from Other Funds	-	-	-	154,310	-	154,310
TOTAL ASSETS	\$ 7,160	\$ (1,107)	\$ 8,250	\$ 164,150	\$ (3,133)	\$ 175,320
 <u>LIABILITIES AND FUND EQUITY:</u>						
LIABILITIES:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 73,026	\$ 73,026
Due to Other Funds	-	44,200	-	-	94,300	138,500
TOTAL LIABILITIES	\$ -	\$ 44,200	\$ -	\$ -	\$ 167,326	\$ 211,526
FUND EQUITY:						
Fund Balance	\$ 7,160	\$ (45,307)	\$ 8,250	\$ 164,150	\$ (170,459)	\$ (36,206)
TOTAL FUND BALANCES (Deficit)	\$ 7,160	\$ (45,307)	\$ 8,250	\$ 164,150	\$ (170,459)	\$ (36,206)
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,160	\$ (1,107)	\$ 8,250	\$ 164,150	\$ (3,133)	\$ 175,320

**BOROUGH OF SEWICKLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	HIGHWAY AID	JOINT MUNICIPAL PLANNING COMMITTEE	ROAD CONSTRUCTION AND MAINTENANCE	CAPITAL RESERVE FUNDS 3 & 4	CAPITAL RESERVE FUND 6	SINKING FUND	TOTAL
REVENUES:							
Interest	\$ 93	\$ 5	\$ 42	\$ 21	\$ 22	\$ -	\$ 183
Taxes	-	-	119,411	-	-	-	119,411
Intergovernmental	81,201	24,500	-	-	25,000	-	130,701
Contributions and Donations	-	-	-	35,000	165	-	35,165
Miscellaneous	-	-	-	1,801	47,247	-	49,048
TOTAL REVENUES	\$ 81,294	\$ 24,505	\$ 119,453	\$ 36,822	\$ 72,434	\$ -	\$ 334,508
OTHER FINANCING SOURCES:							
Interfund Transfers	\$ -	\$ -	\$ 311,000	\$ 30,343	\$ 89,100	\$ 227,674	\$ 658,117
Refund of Prior Year Expenses	-	29,600	-	-	175,669	-	205,269
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 29,600	\$ 311,000	\$ 30,343	\$ 264,769	\$ 227,674	\$ 863,386
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 81,294	\$ 54,105	\$ 430,453	\$ 67,165	\$ 337,203	\$ 227,674	\$ 1,197,894
EXPENDITURES:							
General Government	\$ -	\$ 22,572	\$ -	\$ -	\$ 22,243	\$ 6,900	\$ 51,715
Public Safety	-	-	-	-	-	-	-
Public Works	24,201	-	267,049	27,937	18,080	-	337,267
Culture and Recreation	-	-	-	-	123,863	-	123,863
Debt Service	-	-	-	-	-	220,774	220,774
TOTAL EXPENDITURES	\$ 24,201	\$ 22,572	\$ 267,049	\$ 27,937	\$ 164,186	\$ 227,674	\$ 733,619
OTHER FINANCING USES:							
Interfund Transfers	\$ 81,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,235
Refund of Prior Year Receipts	-	-	121,198	153,663	-	-	274,861
TOTAL OTHER FINANCING USES	\$ 81,235	\$ -	\$ 121,198	\$ 153,663	\$ -	\$ -	\$ 356,096
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 105,436	\$ 22,572	\$ 388,247	\$ 181,600	\$ 164,186	\$ 227,674	\$ 1,089,715
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (24,142)	\$ 31,533	\$ 42,206	\$ (114,435)	\$ 173,017	\$ -	\$ 108,179
FUND BALANCE - January 1, 2010	31,302	(76,840)	(33,956)	278,585	(343,476)	-	(144,385)
FUND BALANCE December 31, 2010	\$ 7,160	\$ (45,307)	\$ 8,250	\$ 164,150	\$ (170,459)	\$ -	\$ (36,206)

***REQUIRED SUPPLEMENTARY
INFORMATION***

BOROUGH OF SEWICKLEY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
DECEMBER 31, 2010

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%
2010	121,242	100%	186,236	100%

BOROUGH OF SEWICKLEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010

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