

BOROUGH OF SEWICKLEY

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## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF SEWICKLEY**  
ALLEGHENY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORTS BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**

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**ALLEGHENY COUNTY, PENNSYLVANIA**

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**Borough Council  
Borough of Sewickley**

**Independent Auditor's Report**

**Report on Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Sewickley, Allegheny County, Pennsylvania as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-xvi and defined benefit trust funds' historical pension information on pages 47-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Sewickley's basic financial statements. The supplementary information (Schedules 1 through 6) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Mark C. Turnley, CPA

March 23, 2015  
Rochester, Pennsylvania

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2014**

**INTRODUCTION**

This discussion and analysis of the Borough of Sewickley's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2014. 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.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2014 are as follows:

- The Borough's governmental activities net position increased \$22,918 in 2014, or .37%.
- Unrestricted net position was \$1,203,955 on December 31, 2014.
- The Borough of Sewickley completed the 2015 Road Construction Project which was the reconstruction of Ferry Street including new water lines, sanitary sewer lines, storm sewer lines, new sidewalks, catch basins and rebuilt road surface. Total cost was \$959,334.
- The Borough of Sewickley was named a "Banner Community" by the Allegheny League of Municipalities and Allegheny County for the 2<sup>nd</sup> straight year.
- The Borough of Sewickley continued to work with Columbia Gas as 6,000 lineal feet of gas line piping was replaced in 2014 bringing the total restoration to over 70,000 lineal feet since 1995 representing a \$6,500,000 reinvestment into the Borough of Sewickley infrastructure. This represents replacement of 82% of the gas line system in Sewickley.

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
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DECEMBER 31, 2014

**FINANCIAL HIGHLIGHTS (Continued)**

- The Borough of Sewickley did continue to actively pursue the Delinquent Real Estate Taxes and produced a 59% increase in revenues
- The Borough of Sewickley did lower the real estate millage from 6.5 mills in 2013 to 5.95 mills for 2014. In lawful compliance with the Assessment Law, the Borough did utilize \$180,000 in excess real estate tax revenues collected in 2013 against 2014 real estate tax revenues. It should be noted that the delay in the Allegheny County Assessment Hearings and processing the real estate refunds went well into 2014 at a cost of an additional \$107,622. This means that the Borough planned to use the excess real estate tax revenue received in 2013 against the 2014 revenues was only \$72,378. As stated in the Borough of Sewickley 2014 Budget and 2014 Audit, Borough did have to increase the real estate millage back to the 6.5 mills for 2015. This is the 4<sup>th</sup> County wide reassessment since 1993 and in each circumstance the Borough has complied with the Assessment Statue and has ended up short the following year. The Borough will need to review all policies in the event of another County wide reassessment.
- The Borough of Sewickley did negotiate a 5 year agreement, 2015-2019, with the Borough of Sewickley Police Wastewater Treatment Plant personnel with a 2.5% annual increase in wages.
- The Borough of Sewickley entered into a contract for a fourth year with the Village Green Partners to assist the Business District in recruitment, marketing and retention. Village Green Partners has proven to be a very good partner and in 2014, 20 new businesses were opened in the Borough of Sewickley and they assisted the Borough in many community events. This is funded through the redistribution of the Business Privilege Tax receipts collected from businesses.
- The Borough of Sewickley real estate tax collection rate for 2014 is 96.3%.
- There was a 48% drop in fuel reimbursement from the Quaker Valley School District due to the school district subcontracting for school bus services.

**BOROUGH OF SEWICKLEY**  
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**FINANCIAL HIGHLIGHTS (Continued)**

- The Borough of Sewickley completed the Reflectivity Study indicating that there are 382 traffic signs that do not meet the MUTCD reflectivity standards and will be replaced over a 5 year period and at a cost of \$6,000 per year in addition to the annual updating of traffic signs in the Borough.
- The Borough of Sewickley participated in the Duquesne Light LED Program to begin to replace current high pressure sodium street lights with white LED street lights. The Borough did replace over 30 lights in 2014.

**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 Position and the Statement of Activities. These provide both long-term and short-term information about the Borough's overall financial status.

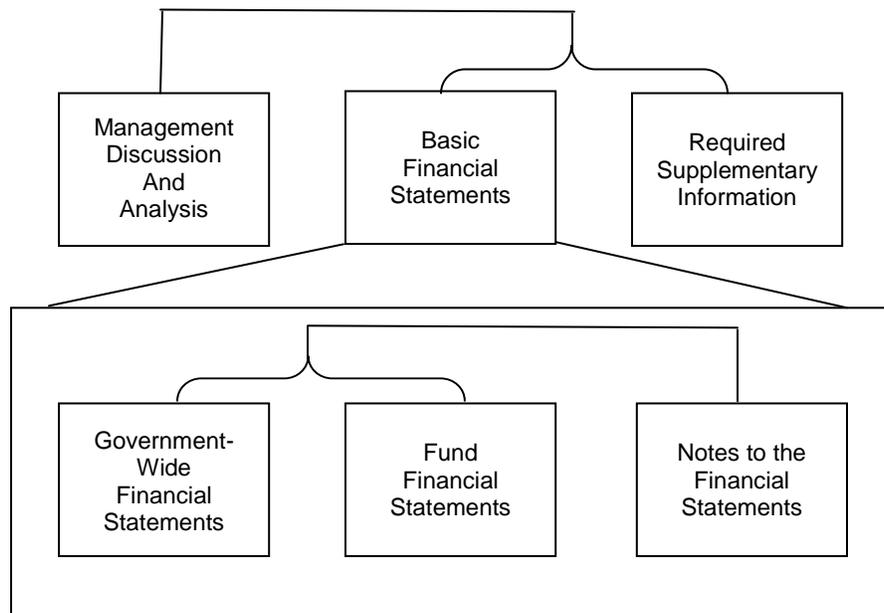
The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements tell how general Borough services were financed in the short term as well as what remains for future 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)**  
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**DECEMBER 31, 2014**

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**  
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**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**

|                                               | <b>GOVERNMENT-WIDE STATEMENTS</b>                                                    | <b>FUND STATEMENTS</b>                                                                                                                                                                     |                                                                                                    |
|-----------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
|                                               |                                                                                      | <b>GOVERNMENTAL FUNDS</b>                                                                                                                                                                  | <b>FIDUCIARY FUNDS</b>                                                                             |
| <b>SCOPE</b>                                  | 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 |
| <b>REQUIRED FINANCIAL STATEMENTS</b>          | Statement of net position<br>Statement of activities                                 | Balance Sheet<br>Statement of revenues, expenditures, and changes in fund balance                                                                                                          | Statement of fiduciary net position<br>Statement of changes in fiduciary net position              |
| <b>ACCOUNTING BASIS AND MEASUREMENT FOCUS</b> | Accrual accounting and economic resources focus                                      | Modified accrual accounting and current financial resources focus                                                                                                                          | Accrual accounting and economic resources focus                                                    |
| <b>TYPE OF ASSET/LIABILITY INFORMATION</b>    | 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                                          |
| <b>TYPE OF INFLOW-OUTFLOW INFORMATION</b>     | 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**  
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**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 position 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 position and how they have changed. Net position, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health. Over time, increases or decreases in the Borough's net position is 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 to cover the costs of operating the sewer system and debt fees for the repayment of debt.

**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 highway 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, 2014

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**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 Position 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 Position and Changes in Fiduciary Net Position 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**

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 for several years. Comparative information from the prior year is shown as reflected below.

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**ALLEGHENY COUNTY, PENNSYLVANIA**  
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**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

The Borough's net position on December 31, 2014 is presented below:

Table A-1

**Summary of Statement of Net Position**  
**Year Ended December 31, 2014**

|                           | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> | <b>2014<br/>TOTAL</b> | <b>2013<br/>TOTAL</b> |
|---------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| Current Assets            | \$ 1,626,082                       | \$ 300,677                          | \$ 1,926,759          | \$ 1,515,584          |
| Non-Current Assets        | 6,337,208                          | 16,019,584                          | 22,356,792            | 22,501,816            |
| <b>TOTAL ASSETS</b>       | <b>\$ 7,963,290</b>                | <b>\$ 16,320,261</b>                | <b>\$ 24,283,551</b>  | <b>\$ 24,017,400</b>  |
| Current Liabilities       | \$ 405,320                         | \$ 894,558                          | \$ 1,299,878          | \$ 1,278,984          |
| Long-term Liabilities     | 1,336,505                          | 12,528,367                          | 13,864,872            | 13,612,068            |
| <b>TOTAL LIABILITIES</b>  | <b>\$ 1,741,825</b>                | <b>\$ 13,422,925</b>                | <b>\$ 15,164,750</b>  | <b>\$ 14,891,052</b>  |
| Net Investment in         |                                    |                                     |                       |                       |
| Capital Assets            | \$ 5,017,510                       | \$ 2,684,870                        | \$ 7,702,380          | \$ 8,155,427          |
| Unrestricted              | 1,203,955                          | 212,466                             | 1,416,421             | 970,921               |
| <b>TOTAL NET POSITION</b> | <b>\$ 6,221,465</b>                | <b>\$ 2,897,336</b>                 | <b>\$ 9,118,801</b>   | <b>\$ 9,126,348</b>   |

Net position of governmental activities increased \$22,918 in 2014, or .37% to \$6,221,465. Net position of business-type activities decreased \$30,465 in 2014, or 1.0% to \$2,897,336.

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)**  
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**DECEMBER 31, 2014**

**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 position for 2014.

Table A-2  
Year ended December 31, 2014  
Changes in Net Position

|                                    | <u>GOVERNMENTAL<br/>ACTIVITIES</u> | <u>BUSINESS-TYPE<br/>ACTIVITIES</u> | <u>2014<br/>TOTAL</u>      | <u>2013<br/>TOTAL</u>      |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|
| <b>REVENUES</b>                    |                                    |                                     |                            |                            |
| <b>Program Revenues:</b>           |                                    |                                     |                            |                            |
| Charges for Services               | \$ 932,470                         | \$ 1,890,315                        | \$ 2,822,785               | \$ 2,747,441               |
| Operating Grants and Contributions | 244,121                            | -                                   | 244,121                    | 247,602                    |
| <b>General Revenues:</b>           |                                    |                                     |                            |                            |
| Property Taxes                     | 2,620,209                          | -                                   | 2,620,209                  | 2,948,740                  |
| Other Taxes                        | 1,635,259                          | -                                   | 1,635,259                  | 1,668,955                  |
| Cable Franchise Fees               | 78,993                             | -                                   | 78,993                     | 76,991                     |
| Interest                           | 2,053                              | 22                                  | 2,075                      | 6,655                      |
| Interfund Transfers                | 120,000                            | -                                   | 120,000                    | 92,921                     |
| Sale of Borough Property           | 346,500                            | -                                   | 346,500                    | -                          |
| Miscellaneous                      | 145,248                            | -                                   | 145,248                    | 114,259                    |
| <b>TOTAL REVENUES</b>              | <b><u>\$ 6,124,853</u></b>         | <b><u>\$ 1,890,337</u></b>          | <b><u>\$ 8,015,190</u></b> | <b><u>\$ 7,903,564</u></b> |
| <b>EXPENSES</b>                    |                                    |                                     |                            |                            |
| General Government                 | \$ 1,103,463                       | \$ -                                | \$ 1,103,463               | \$ 1,291,385               |
| Public Safety - Police             | 1,653,857                          | -                                   | 1,653,857                  | 1,592,775                  |
| Public Safety - Fire               | 255,008                            | -                                   | 255,008                    | 225,233                    |
| Public Safety - Other              | 122,430                            | -                                   | 122,430                    | 145,147                    |
| Public Works - Highways            | 2,519,418                          | -                                   | 2,519,418                  | 1,865,609                  |
| Culture and Recreation             | 283,724                            | -                                   | 283,724                    | 265,005                    |
| Interest on Debt                   | 48,851                             | -                                   | 48,851                     | 20,214                     |
| Refund of Prior Year Receipts      | 115,184                            | -                                   | 115,184                    | 133,688                    |
| Interfund Transfers                | -                                  | 120,000                             | 120,000                    | 92,921                     |
| Sewer Operations                   | -                                  | 1,800,802                           | 1,800,802                  | 1,677,409                  |
| <b>TOTAL EXPENSES</b>              | <b><u>\$ 6,101,935</u></b>         | <b><u>\$ 1,920,802</u></b>          | <b><u>\$ 8,022,737</u></b> | <b><u>\$ 7,309,386</u></b> |
| <b>CHANGE IN NET POSITION</b>      | <b><u>\$ 22,918</u></b>            | <b><u>\$ (30,465)</u></b>           | <b><u>\$ (7,547)</u></b>   | <b><u>\$ 594,178</u></b>   |

Total government-wide revenues of \$6,124,853 were derived primarily from property taxes representing 42.8% of the total. Other taxes made up the next largest source of revenue of 26.7%, followed by charges for services at 15.2%.

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
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**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

Table A-3  
Year ended December 31, 2014  
Governmental Activities

|                                                            | 2014                     |                        |
|------------------------------------------------------------|--------------------------|------------------------|
|                                                            | TOTAL COST<br>OF SERVICE | NET COST<br>OF SERVICE |
| <b>EXPENSES</b>                                            |                          |                        |
| General Government                                         | \$ 1,103,463             | \$ (924,310)           |
| Public Safety - Police                                     | 1,653,857                | (1,243,716)            |
| Public Safety - Fire                                       | 255,008                  | (137,153)              |
| Public Safety - Other                                      | 122,430                  | (27,745)               |
| Public Works - Highways                                    | 2,519,418                | (2,159,947)            |
| Culture and Recreation                                     | 283,724                  | (268,438)              |
| Debt Service                                               | 48,851                   | (48,851)               |
|                                                            | <b>\$ 5,986,751</b>      | <b>\$ (4,810,160)</b>  |
| <b>TOTAL EXPENSES</b>                                      |                          |                        |
| <b>Less:</b>                                               |                          |                        |
| Unrestricted Grants, Subsidies                             |                          | -                      |
| <b>TOTAL NEEDS FROM LOCAL TAXES<br/>AND OTHER REVENUES</b> |                          | <b>\$ (4,810,160)</b>  |

Table A-4 reflects the activities of the Sewer Fund, the business-type activities of the Borough for the year 2014.

Table A-4  
Year ended December 31, 2014  
Business-Type Activities

|                                                  | SEWER FUND               |                        |
|--------------------------------------------------|--------------------------|------------------------|
|                                                  | TOTAL COST<br>OF SERVICE | NET COST<br>OF SERVICE |
| <b>EXPENSES</b>                                  |                          |                        |
| Sewer Operations                                 | \$ 1,800,802             | \$ 89,513              |
| Interest                                         |                          | 22                     |
| Transfer to General Fund                         |                          | (120,000)              |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME</b> |                          | <b>\$ (30,465)</b>     |

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2014**

**THE BOROUGH FUNDS**

The following table compares the revenues, expenditures and change in fund balance of the Borough's General Fund for the years 2014 and 2013:

|                                                 | <u>2014</u>                | <u>2013</u>                |
|-------------------------------------------------|----------------------------|----------------------------|
| <b>REVENUES</b>                                 |                            |                            |
| Taxes                                           | \$ 4,167,748               | \$ 4,459,607               |
| Licenses and Permits                            | 82,093                     | 89,316                     |
| Fines and Forfeitures                           | 106,403                    | 110,354                    |
| Interest and Rents                              | 16,506                     | 17,139                     |
| Intergovernmental                               | 267,047                    | 269,716                    |
| Charges for Services                            | 556,831                    | 555,824                    |
| Miscellaneous                                   | 284,937                    | 88,559                     |
| <b>TOTAL REVENUES</b>                           | <b><u>\$ 5,481,565</u></b> | <b><u>\$ 5,590,515</u></b> |
| <b>EXPENSES</b>                                 |                            |                            |
| General Government                              | \$ 1,001,738               | \$ 1,089,303               |
| Public Safety                                   | 1,904,808                  | 1,893,076                  |
| Public Works                                    | 2,272,250                  | 1,621,971                  |
| Culture and Recreation                          | 212,736                    | 184,367                    |
| Debt Service                                    | 110,603                    | 18,434                     |
| <b>TOTAL EXPENSES</b>                           | <b><u>\$ 5,502,135</u></b> | <b><u>\$ 4,807,151</u></b> |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                            |                            |
| Operating Transfers In                          | \$ 230,315                 | \$ 172,919                 |
| Refund of Prior Years Receipts/Expenses         | (1,264)                    | (5,421)                    |
| Operating Transfers Out                         | (181,167)                  | (745,969)                  |
| <b>TOTAL OTHER FINANCING SOURCES AND (USES)</b> | <b><u>\$ 47,883</u></b>    | <b><u>\$ (578,471)</u></b> |
| <b>NET CHANGE IN FUND BALANCE</b>               | <b><u>\$ 27,313</u></b>    | <b><u>\$ 204,893</u></b>   |

**GENERAL FUND BUDGET**

In December of 2013, the Borough of Sewickley adopted its annual budget for the General Fund in the amount of \$5,329,805. A schedule showing the Borough's original and final budget amounts compared with amounts actually paid and received is provided on Page 7.

**PROPRIETARY FUND (SEWER FUND)**

The following table compares the revenues, expenses and change in net position of the Borough's Proprietary Fund for the year 2014 and 2013:

|                                  | <b>SEWER FUND</b>         |                          |
|----------------------------------|---------------------------|--------------------------|
|                                  | <u>2014</u>               | <u>2013</u>              |
| Operating Revenues               | \$ 1,890,315              | \$ 1,998,737             |
| Operating Expenses               | (1,273,385)               | (1,194,938)              |
| <b>OPERATING (LOSS)</b>          | <b><u>\$ 616,930</u></b>  | <b><u>\$ 803,799</u></b> |
| Nonoperating Revenues (Expenses) | \$ (527,395)              | \$ (478,111)             |
| Other Financing Uses/Sources     | (120,000)                 | (92,921)                 |
| <b>CHANGE IN NET POSITION</b>    | <b><u>\$ (30,465)</u></b> | <b><u>\$ 232,767</u></b> |

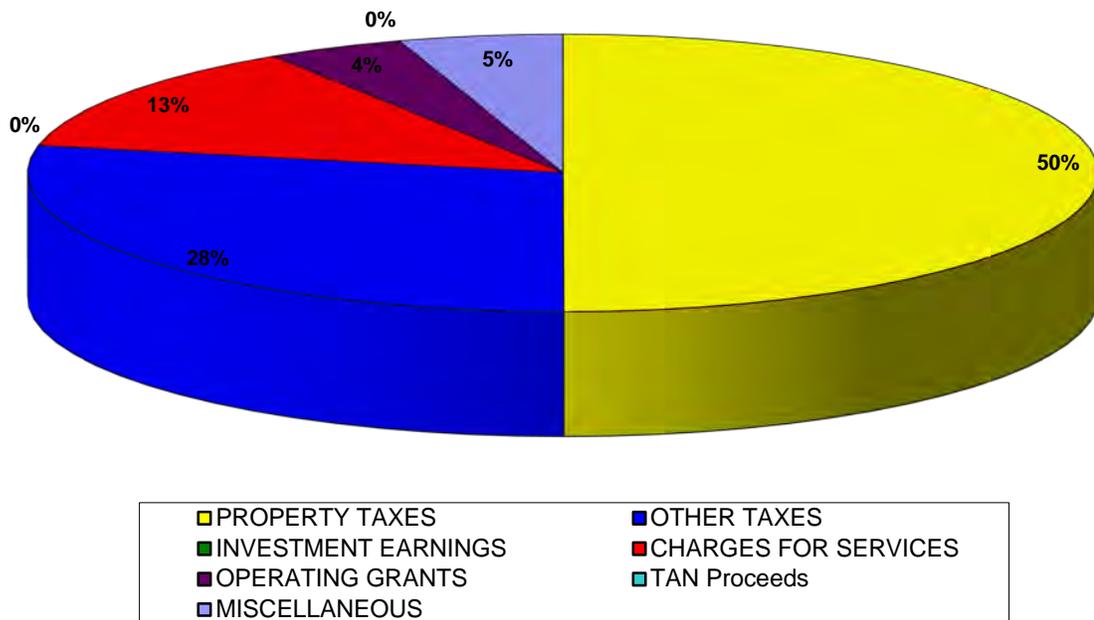
**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2014**

**PROGRAM REVENUE**

Total government-wide revenues of \$6,124,853 were derived primarily from property taxes which represented 42.8% of the total. Other taxes made up the next largest source of revenue of 26.7%, followed by charges for services at 15.2%.

The following chart graphically depicts the government-wide program revenues for the fiscal year ended December 31, 2014.

**SOURCE OF REVENUES**  
**TOTAL REVENUES: \$6,124,853**



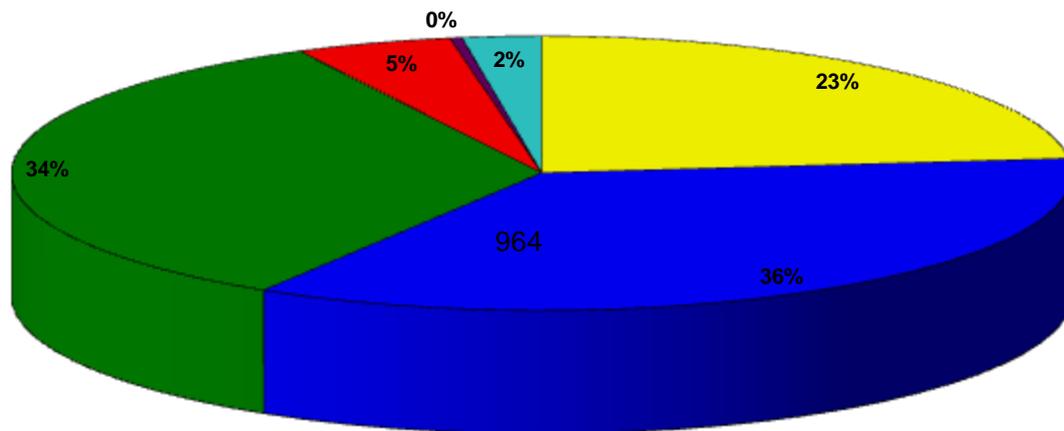
**BOROUGH OF SEWICKLEY  
ALLEGHENY COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2014**

**PROGRAM EXPENSE**

Total expenses for all governmental activities in 2014 were \$5,986,751. The expenses reflect the delivery of a wide range of services, with the two largest areas being public works at 41.3% and public safety at 33.3%. General government expenses were 18.1% of total expenses.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2014.

**PROGRAM EXPENSES  
TOTAL EXPENSES: \$5,986,751**



|                      |                          |
|----------------------|--------------------------|
| ■ 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, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2014, the Borough had \$6,337,208 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 \$433,244 or approximately 2.2% from last year. The Borough had approximately \$293,747 in capital additions during the 2014 year which is comprised mainly of \$83,322 for a Ford F-550 truck, a boiler for the municipal building totaling \$85,800, a playground and sidewalks on Chadwick Street totaling \$61,162, and a basketball court with basketball hoops totaling \$19,300.

**Long Term Debt**

On December 31, 2014, the Borough had \$14,645,917 of debt outstanding. This represents an increase of 1.8% mainly due to the issuance of General Obligation Bonds Series A and B of 2014 totaling \$1,270,000 and a lease agreement entered into with Ford Motor Credit Company totaling \$83,322, for the purchase of a Ford F-550 truck. This newly acquired debt was offset by principal payments of \$1,096,263.

**Pension Trust Fund**

The Borough of Sewickley has two pension plans – general employees and police. On December 31, 2014, the assets of the plans were \$8,381,239.

**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 POSITION**  
**DECEMBER 31, 2014**

**EXHIBIT A**

|                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|-------------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                             |                                    |                                     |                      |
| <b>Current Assets:</b>                    |                                    |                                     |                      |
| Cash and Cash Equivalents                 | \$ 593,905                         | \$ 167,487                          | \$ 761,392           |
| Investments                               | 213                                | -                                   | 213                  |
| Due from other Governments                | 128,766                            | -                                   | 128,766              |
| Internal Balances                         | 382,549                            | (382,549)                           | -                    |
| Utilities Receivable                      | -                                  | 507,577                             | 507,577              |
| Taxes Receivable (Net)                    | 483,302                            | -                                   | 483,302              |
| Other Accounts Receivable                 | 37,347                             | 8,162                               | 45,509               |
| <b>Total Current Assets</b>               | <b>\$ 1,626,082</b>                | <b>\$ 300,677</b>                   | <b>\$ 1,926,759</b>  |
| <b>Noncurrent Assets:</b>                 |                                    |                                     |                      |
| Land                                      | \$ 1,237,904                       | \$ -                                | \$ 1,237,904         |
| Infrastructure (net)                      | 2,420,916                          | -                                   | 2,420,916            |
| Site Improvements (net)                   | 1,243,777                          | -                                   | 1,243,777            |
| Buildings and Improvement (net)           | 498,858                            | 2,127,871                           | 2,626,729            |
| Vehicles and Equipment (net)              | 935,753                            | 789,146                             | 1,724,899            |
| Storm Sewers (net)                        | -                                  | 721,548                             | 721,548              |
| Headworks Dewatering Project              | -                                  | 6,128,815                           | 6,128,815            |
| Boundary Street Pump Station              | -                                  | 653,669                             | 653,669              |
| Construction in Progress                  | -                                  | 5,598,535                           | 5,598,535            |
| <b>Total Noncurrent Assets</b>            | <b>\$ 6,337,208</b>                | <b>\$ 16,019,584</b>                | <b>\$ 22,356,792</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$ 7,963,290</b>                | <b>\$ 16,320,261</b>                | <b>\$ 24,283,551</b> |
| <b>LIABILITIES</b>                        |                                    |                                     |                      |
| <b>Current Liabilities:</b>               |                                    |                                     |                      |
| Payroll Deductions and Withholdings       | \$ 7,366                           | \$ -                                | \$ 7,366             |
| Payroll Payable                           | 55,456                             | 7,684                               | 63,140               |
| Accounts Payable                          | 72,148                             | 52,479                              | 124,627              |
| Due to Other Governmental Units           | -                                  | 49,328                              | 49,328               |
| Current Portion Long-Term Debt            | 269,507                            | 785,067                             | 1,054,574            |
| Accrued Interest Payable                  | 843                                | -                                   | 843                  |
| <b>Total Current Liabilities</b>          | <b>\$ 405,320</b>                  | <b>\$ 894,558</b>                   | <b>\$ 1,299,878</b>  |
| <b>Noncurrent Liabilities:</b>            |                                    |                                     |                      |
| Bonds Payable - Long Term Portion (Net)   | \$ 263,848                         | \$ 9,874,644                        | \$ 10,138,492        |
| Notes Payable - Long Term Portion         | 767,717                            | 2,625,000                           | 3,392,717            |
| Leases Payable - Long-Term Portion        | 18,626                             | -                                   | 18,626               |
| Accrued Compensated Absences              | 286,314                            | 28,723                              | 315,037              |
| <b>Total Noncurrent Liabilities</b>       | <b>\$ 1,336,505</b>                | <b>\$ 12,528,367</b>                | <b>\$ 13,864,872</b> |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 1,741,825</b>                | <b>\$ 13,422,925</b>                | <b>\$ 15,164,750</b> |
| <b>NET POSITION</b>                       |                                    |                                     |                      |
| Net Investment in Capital Assets          | \$ 5,017,510                       | \$ 2,684,870                        | \$ 7,702,380         |
| Unrestricted                              | 1,203,955                          | 212,466                             | 1,416,421            |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 6,221,465</b>                | <b>\$ 2,897,336</b>                 | <b>\$ 9,118,801</b>  |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 7,963,290</b>                | <b>\$ 16,320,261</b>                | <b>\$ 24,283,551</b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

| Functions/Programs                                | Expenses            | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                       |
|---------------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-----------------------|
|                                                   |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                 |
| <b>Governmental Activities:</b>                   |                     |                         |                                          |                                        |                                                      |                             |                       |
| General Government                                | \$ 1,103,463        | \$ 55,227               | \$ 123,926                               | \$ -                                   | \$ (924,310)                                         |                             | \$ (924,310)          |
| Public Safety - Police                            | 1,653,857           | 410,141                 | -                                        | -                                      | (1,243,716)                                          |                             | (1,243,716)           |
| Public Safety - Fire                              | 255,008             | 86,120                  | 31,735                                   | -                                      | (137,153)                                            |                             | (137,153)             |
| Public Safety - Other                             | 122,430             | 94,685                  | -                                        | -                                      | (27,745)                                             |                             | (27,745)              |
| Public Works - Highways                           | 2,519,418           | 271,011                 | 88,460                                   | -                                      | (2,159,947)                                          |                             | (2,159,947)           |
| Culture and Recreation                            | 283,724             | 15,286                  | -                                        | -                                      | (268,438)                                            |                             | (268,438)             |
| Debt Service                                      | 48,851              | -                       | -                                        | -                                      | (48,851)                                             |                             | (48,851)              |
| <b>Total Governmental Activities</b>              | <b>\$ 5,986,751</b> | <b>\$ 932,470</b>       | <b>\$ 244,121</b>                        | <b>\$ -</b>                            | <b>\$ (4,810,160)</b>                                |                             | <b>\$ (4,810,160)</b> |
| <b>Business-Type activities:</b>                  |                     |                         |                                          |                                        |                                                      |                             |                       |
| Sewer                                             | \$ 1,800,802        | \$ 1,890,315            | \$ -                                     | \$ -                                   |                                                      | \$ 89,513                   | \$ 89,513             |
| <b>Total Business-Type Activities</b>             | <b>\$ 1,800,802</b> | <b>\$ 1,890,315</b>     | <b>\$ -</b>                              | <b>\$ -</b>                            |                                                      | <b>\$ 89,513</b>            | <b>\$ 89,513</b>      |
| <b>Total Primary Government</b>                   | <b>\$ 7,787,553</b> | <b>\$ 2,822,785</b>     | <b>\$ 244,121</b>                        | <b>\$ -</b>                            | <b>\$ (4,810,160)</b>                                | <b>\$ 89,513</b>            | <b>\$ (4,720,647)</b> |
| <b>General Revenues:</b>                          |                     |                         |                                          |                                        |                                                      |                             |                       |
| Taxes:                                            |                     |                         |                                          |                                        |                                                      |                             |                       |
| Property Taxes, Levied for General Purposes (net) |                     |                         |                                          |                                        | \$ 2,620,209                                         | \$ -                        | \$ 2,620,209          |
| Act 511 Taxes                                     |                     |                         |                                          |                                        | 1,524,126                                            | -                           | 1,524,126             |
| Sales Tax                                         |                     |                         |                                          |                                        | 103,635                                              | -                           | 103,635               |
| Cable Franchise Fees                              |                     |                         |                                          |                                        | 78,993                                               | -                           | 78,993                |
| PURTA/Alcohol Beverage tax                        |                     |                         |                                          |                                        | 7,498                                                | -                           | 7,498                 |
| Investment Earnings                               |                     |                         |                                          |                                        | 2,053                                                | 22                          | 2,075                 |
| Sale of Borough Property                          |                     |                         |                                          |                                        | 346,500                                              | -                           | 346,500               |
| Miscellaneous                                     |                     |                         |                                          |                                        | 145,248                                              | -                           | 145,248               |
| Refund of Prior Year Receipts                     |                     |                         |                                          |                                        | (115,184)                                            | -                           | (115,184)             |
| Interfund transfers                               |                     |                         |                                          |                                        | 120,000                                              | (120,000)                   | -                     |
| <b>Total General Revenues</b>                     |                     |                         |                                          |                                        | <b>\$ 4,833,078</b>                                  | <b>\$ (119,978)</b>         | <b>\$ 4,713,100</b>   |
| <b>Change in Net Position</b>                     |                     |                         |                                          |                                        | <b>\$ 22,918</b>                                     | <b>\$ (30,465)</b>          | <b>\$ (7,547)</b>     |
| Net Position — January 1, 2014                    |                     |                         |                                          |                                        | 6,198,547                                            | 2,927,801                   | 9,126,348             |
| <b>Net Position — December 31, 2014</b>           |                     |                         |                                          |                                        | <b>\$ 6,221,465</b>                                  | <b>\$ 2,897,336</b>         | <b>\$ 9,118,801</b>   |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2014**

**EXHIBIT C**

|                                                                                   | <b>GENERAL<br/>FUND</b> | <b>CAPITAL<br/>PROJECT<br/>FUNDS</b> | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|-----------------------------------------------------------------------------------|-------------------------|--------------------------------------|---------------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                    |                         |                                      |                                             |                                         |
| Cash and Cash Equivalents                                                         | \$ 114,077              | \$ 413,813                           | \$ 66,015                                   | \$ 593,905                              |
| Investments                                                                       | 213                     | -                                    | -                                           | 213                                     |
| Due from Other Governmental Units                                                 | 128,766                 | -                                    | -                                           | 128,766                                 |
| Due from Other Funds                                                              | 398,080                 | 68,535                               | -                                           | 466,615                                 |
| Taxes Receivable (Net)                                                            | 483,302                 | -                                    | -                                           | 483,302                                 |
| Other Accounts Receivable                                                         | 37,347                  | -                                    | -                                           | 37,347                                  |
| <b>TOTAL ASSETS</b>                                                               | <b>\$ 1,161,785</b>     | <b>\$ 482,348</b>                    | <b>\$ 66,015</b>                            | <b>\$ 1,710,148</b>                     |
| <br><b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>           |                         |                                      |                                             |                                         |
| <b>LIABILITIES:</b>                                                               |                         |                                      |                                             |                                         |
| Payroll Deductions and Withholdings                                               | \$ 7,366                | \$ -                                 | \$ -                                        | \$ 7,366                                |
| Due To Other Funds                                                                | 84,066                  | -                                    | -                                           | 84,066                                  |
| Payroll Payable                                                                   | 55,456                  | -                                    | -                                           | 55,456                                  |
| Accounts Payable                                                                  | 72,148                  | -                                    | -                                           | 72,148                                  |
| <b>TOTAL LIABILITIES</b>                                                          | <b>\$ 219,036</b>       | <b>\$ -</b>                          | <b>\$ -</b>                                 | <b>\$ 219,036</b>                       |
| <br><b>DEFERRED INFLOW OF RESOURCES:</b>                                          |                         |                                      |                                             |                                         |
| Delinquent Real Estate Taxes                                                      | \$ 333,981              | \$ -                                 | \$ -                                        | \$ 333,981                              |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>                                         | <b>\$ 333,981</b>       | <b>\$ -</b>                          | <b>\$ -</b>                                 | <b>\$ 333,981</b>                       |
| <br><b>FUND BALANCES:</b>                                                         |                         |                                      |                                             |                                         |
| Assigned:                                                                         |                         |                                      |                                             |                                         |
| General Fund - Road Improvements                                                  | \$ 9,309                | \$ -                                 | \$ -                                        | \$ 9,309                                |
| Building Fund                                                                     | -                       | 5,680                                | -                                           | 5,680                                   |
| Fire Fund                                                                         | -                       | 286,963                              | -                                           | 286,963                                 |
| Capital Improvement Fund                                                          | -                       | 189,705                              | -                                           | 189,705                                 |
| Highway Aid Fund                                                                  | -                       | -                                    | 28,704                                      | 28,704                                  |
| Real Estate Tax Refund Fund                                                       | -                       | -                                    | 2,731                                       | 2,731                                   |
| Sinking Fund                                                                      | -                       | -                                    | 34,580                                      | 34,580                                  |
| Unassigned                                                                        | 599,459                 | -                                    | -                                           | 599,459                                 |
| <b>TOTAL FUND BALANCES</b>                                                        | <b>\$ 608,768</b>       | <b>\$ 482,348</b>                    | <b>\$ 66,015</b>                            | <b>\$ 1,157,131</b>                     |
| <br><b>TOTAL LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 1,161,785</b>     | <b>\$ 482,348</b>                    | <b>\$ 66,015</b>                            | <b>\$ 1,376,167</b>                     |

**BOROUGH OF SEWICKLEY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**

**Total Fund Balances - Governmental Funds** **\$ 1,157,131**

Amounts reported for governmental activities in the statement of net position (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 \$10,958,336, and the accumulated depreciation is \$4,621,128. 6,337,208

Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures (i.e., within 90 days of year-end), are deferred and not recognized as revenue in governmental funds. 333,981

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 - (net)         | \$ 430,448  |             |
| Notes payable                 | 852,928     |             |
| Leases payable                | 36,322      |             |
| Accrued interest on the bonds | 843         |             |
| Compensated absences          | 286,314     |             |
|                               | (1,606,855) | (1,606,855) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 6,221,465**

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, 2014**

|                                                              | <b>GENERAL FUND</b> | <b>CAPITAL<br/>PROJECT<br/>FUNDS</b> | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------|---------------------|--------------------------------------|---------------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                              |                     |                                      |                                             |                                         |
| Taxes                                                        | \$ 4,167,748        | \$ -                                 | \$ -                                        | \$ 4,167,748                            |
| Licenses and Permits                                         | 82,093              | -                                    | -                                           | 82,093                                  |
| Fines and Forfeitures                                        | 106,403             | -                                    | -                                           | 106,403                                 |
| Interest and Rents                                           | 16,506              | 1,020                                | -                                           | 17,526                                  |
| Intergovernmental                                            | 267,047             | -                                    | 88,206                                      | 355,253                                 |
| Contributions and Donations                                  | -                   | 35,000                               | 666                                         | 35,666                                  |
| Charges for Services                                         | 556,831             | 19,000                               | -                                           | 575,831                                 |
| Miscellaneous                                                | 284,937             | 50,297                               | -                                           | 335,234                                 |
| <b>Total Revenue</b>                                         | <b>\$ 5,481,565</b> | <b>\$ 105,317</b>                    | <b>\$ 88,872</b>                            | <b>\$ 5,675,754</b>                     |
| <b>EXPENDITURES</b>                                          |                     |                                      |                                             |                                         |
| General Government                                           | \$ 1,001,738        | \$ 103,317                           | \$ 107,622                                  | \$ 1,212,677                            |
| Public Safety                                                | 1,904,808           | 17,000                               | -                                           | 1,921,808                               |
| Public Works                                                 | 2,272,250           | 20,649                               | -                                           | 2,292,899                               |
| Culture and Recreation                                       | 212,736             | 184,846                              | -                                           | 397,582                                 |
| Debt Service                                                 | 110,603             | 47,000                               | 201,060                                     | 358,663                                 |
| <b>Total Expenditures</b>                                    | <b>\$ 5,502,135</b> | <b>\$ 372,812</b>                    | <b>\$ 308,682</b>                           | <b>\$ 6,183,629</b>                     |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ (20,570)</b>  | <b>\$ (267,495)</b>                  | <b>\$ (219,810)</b>                         | <b>\$ (507,875)</b>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                                      |                                             |                                         |
| Operating Transfers In                                       | \$ 230,315          | \$ 124,617                           | \$ 176,550                                  | \$ 531,482                              |
| Refund of Prior Year Expenses                                | 6,011               | -                                    | -                                           | 6,011                                   |
| Operating Transfers Out                                      | (181,167)           | -                                    | (230,315)                                   | (411,482)                               |
| Sale of Borough Property                                     | -                   | 346,500                              | -                                           | 346,500                                 |
| Refund Prior Year Receipts                                   | (7,275)             | -                                    | -                                           | (7,275)                                 |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ 47,884</b>    | <b>\$ 471,117</b>                    | <b>\$ (53,765)</b>                          | <b>\$ 465,236</b>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 27,313</b>    | <b>\$ 203,622</b>                    | <b>\$ (273,575)</b>                         | <b>\$ (42,640)</b>                      |
| FUND BALANCE - JANUARY 1, 2014                               | 581,455             | 278,726                              | 339,590                                     | 1,199,771                               |
| <b>FUND BALANCE - DECEMBER 31, 2014</b>                      | <b>\$ 608,768</b>   | <b>\$ 482,348</b>                    | <b>\$ 66,015</b>                            | <b>\$ 1,157,131</b>                     |

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, 2014**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (42,640)

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 (\$433,244) exceeds capital outlays (\$293,747) in the period. (139,497)

Adjustment to fixed assets. (287)

Proceeds from debt issues are an other financing source in the funds, but their payment reduces long-term liabilities in the statement of net assets. (83,322)

Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, these premiums are capitalized and amortized over the life of the bond issue as amortization expense. 1,068

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 308,447

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. 298

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 inflow of resources decreased by \$23,413. (23,413)

In the statement of activities, certain operating expenses - compensated absences - 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 2014. 2,264

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 22,918**

The accompanying notes are an integral part of these financial statements

**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, 2014**

|                                                               | Budgeted Amounts    |                     | Actual<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|---------------------|---------------------|-----------------------------|---------------------------------------------------------|
|                                                               | Original            | Final               |                             |                                                         |
| <b>REVENUES</b>                                               |                     |                     |                             |                                                         |
| Taxes                                                         | \$ 4,136,890        | \$ 4,136,890        | \$ 4,167,748                | \$ 30,858                                               |
| Licenses and Permits                                          | 76,600              | 76,600              | 82,093                      | 5,493                                                   |
| Fines and Forfeitures                                         | 128,000             | 128,000             | 106,403                     | (21,597)                                                |
| Interest and Rents                                            | 16,000              | 16,000              | 16,506                      | 506                                                     |
| Intergovernmental                                             | 266,350             | 266,350             | 267,047                     | 697                                                     |
| Charges for Services                                          | 571,762             | 571,762             | 556,831                     | (14,931)                                                |
| Miscellaneous                                                 | 55,400              | 55,400              | 284,937                     | 229,537                                                 |
| <b>Total Revenues</b>                                         | <b>\$ 5,251,002</b> | <b>\$ 5,251,002</b> | <b>\$ 5,481,565</b>         | <b>\$ 230,563</b>                                       |
| <b>EXPENDITURES</b>                                           |                     |                     |                             |                                                         |
| General Government                                            | \$ 991,138          | \$ 991,138          | \$ 1,001,738                | \$ (10,600)                                             |
| Public Safety                                                 | 1,899,754           | 1,899,754           | 1,904,808                   | (5,054)                                                 |
| Public Works                                                  | 1,877,949           | 1,877,949           | 2,272,250                   | (394,301)                                               |
| Culture and Recreation                                        | 204,977             | 204,977             | 212,736                     | (7,759)                                                 |
| Debt Service                                                  | 110,951             | 110,951             | 110,603                     | 348                                                     |
| <b>Total Expenditures</b>                                     | <b>\$ 5,084,769</b> | <b>\$ 5,084,769</b> | <b>\$ 5,502,135</b>         | <b>\$ (417,366)</b>                                     |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 166,233</b>   | <b>\$ 166,233</b>   | <b>\$ (20,570)</b>          | <b>\$ (186,803)</b>                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                     |                     |                             |                                                         |
| Operating Transfers In                                        | \$ 78,803           | \$ 78,803           | \$ 230,315                  | \$ 151,512                                              |
| Refund of Prior Year Expenses                                 | -                   | -                   | 6,011                       | 6,011                                                   |
| Operating Transfers Out                                       | (242,536)           | (242,536)           | (181,167)                   | 61,369                                                  |
| Refund of Prior Year Receipts                                 | (2,500)             | (2,500)             | (7,275)                     | (4,775)                                                 |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (166,233)</b> | <b>\$ (166,233)</b> | <b>\$ 47,884</b>            | <b>\$ 214,117</b>                                       |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 27,314</b>            | <b>\$ 27,314</b>                                        |
| FUND BALANCE - JANUARY 1, 2014                                | -                   | -                   | 581,455                     | 581,455                                                 |
| <b>FUND BALANCE - DECEMBER 31, 2014</b>                       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 608,769</b>           | <b>\$ 608,769</b>                                       |

The accompanying notes are an integral part of these financial statements

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

|                                           | <b>SEWER FUND</b>    |
|-------------------------------------------|----------------------|
| <b>ASSETS</b>                             |                      |
| <b>Current Assets:</b>                    |                      |
| Cash and Cash Equivalents                 | \$ 167,487           |
| Sewer Receivable                          | 507,577              |
| Due from Other Funds                      | 15,531               |
| Other Accounts Receivable                 | 8,162                |
| <b>Total Current Assets</b>               | <b>\$ 698,757</b>    |
| <b>Noncurrent Assets:</b>                 |                      |
| Buildings                                 | \$ 3,710,618         |
| Equipment                                 | 2,192,169            |
| Storm Sewers                              | 834,877              |
| Headworks Dewatering Project              | 6,253,893            |
| Boundary Street Pump Station              | 667,009              |
| Vehicles                                  | 163,499              |
| Work in Progress                          | 5,598,535            |
| Accumulated Depreciation                  | (3,401,016)          |
| <b>Total Noncurrent Assets</b>            | <b>\$ 16,019,584</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$ 16,718,341</b> |
| <b>LIABILITIES</b>                        |                      |
| <b>Current Liabilities:</b>               |                      |
| Accounts Payable                          | \$ 52,479            |
| Payroll Payable                           | 7,684                |
| Due to Other Governmental Units           | 49,328               |
| Due to Other Funds                        | 398,080              |
| Current Portion Long-Term Debt            | 785,067              |
| <b>Total Current Liabilities</b>          | <b>\$ 1,292,638</b>  |
| <b>Noncurrent Liabilities:</b>            |                      |
| Bonds Payable - Long term portion (Net)   | \$ 9,874,644         |
| Notes Payable - Long term portion         | 2,625,000            |
| Compensated Absences                      | 28,723               |
| <b>Total Noncurrent Liabilities</b>       | <b>\$ 12,528,367</b> |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 13,821,005</b> |
| <b>NET POSITION</b>                       |                      |
| Net Investment in Capital Assets          | \$ 2,684,870         |
| Unrestricted                              | 212,466              |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 2,897,336</b>  |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 16,718,341</b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND - SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**OPERATING REVENUES:**

|                                 |                     |
|---------------------------------|---------------------|
| Sewer Rentals                   | \$ 1,890,315        |
| <b>Total Operating Revenues</b> | <b>\$ 1,890,315</b> |

**OPERATING EXPENSES:**

|                                             |                     |
|---------------------------------------------|---------------------|
| Salaries and Wages                          | \$ 216,930          |
| Employee Benefits                           | 117,869             |
| Materials and Supplies                      | 35,611              |
| Chemicals                                   | 42,974              |
| Collection Fees - Sewickley Water Authority | 41,209              |
| Vehicle                                     | 2,931               |
| Engineering                                 | 52,874              |
| Insurance                                   | 57,796              |
| Utilities                                   | 163,935             |
| Uniforms                                    | 4,716               |
| Repair and Maintenance                      | 81,032              |
| Contracted Services                         | 25,543              |
| Sludge Disposal                             | 36,250              |
| Sewer Rehab.                                | 39,900              |
| Depreciation                                | 335,603             |
| Miscellaneous                               | 18,212              |
| <b>Total Operating Expenses</b>             | <b>\$ 1,273,385</b> |

|                                            |                   |
|--------------------------------------------|-------------------|
| <b>TOTAL OPERATING INCOME &lt;LOSS&gt;</b> | <b>\$ 616,930</b> |
|--------------------------------------------|-------------------|

**NON-OPERATING REVENUE <EXPENSE>:**

|                                                    |                     |
|----------------------------------------------------|---------------------|
| Interest Income                                    | \$ 22               |
| Interest Expense                                   | (464,496)           |
| Amortization                                       | (5,843)             |
| Bond Issue Costs                                   | (57,078)            |
| <b>TOTAL NON-OPERATING REVENUE &lt;EXPENSE&gt;</b> | <b>\$ (527,395)</b> |

**OTHER FINANCING SOURCES <USES>:**

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Transfer to General Fund                          | \$ (120,000)        |
| <b>TOTAL OTHER FINANCING SOURCES &lt;USES&gt;</b> | <b>\$ (120,000)</b> |

|                                |                 |
|--------------------------------|-----------------|
| <b>CHANGES IN NET POSITION</b> | <b>(30,465)</b> |
|--------------------------------|-----------------|

|                                |           |
|--------------------------------|-----------|
| NET POSITION - JANUARY 1, 2014 | 2,927,801 |
|--------------------------------|-----------|

|                                         |                     |
|-----------------------------------------|---------------------|
| <b>NET POSITION - DECEMBER 31, 2014</b> | <b>\$ 2,897,336</b> |
|-----------------------------------------|---------------------|

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, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                                                         |                            |
|---------------------------------------------------------|----------------------------|
| Cash received from user charges                         | \$ 1,898,675               |
| Cash paid to employees for wages and benefits           | (329,174)                  |
| Cash paid to vendors for goods and services             | (547,904)                  |
| <b>Net cash provided (used) by operating activities</b> | <b><u>\$ 1,021,597</u></b> |

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

|                                                                             |                            |
|-----------------------------------------------------------------------------|----------------------------|
| Capital construction and purchases                                          | \$ (330,363)               |
| Bond proceeds                                                               | 1,270,000                  |
| Bond issue costs                                                            | (57,078)                   |
| Bond and note principal payments                                            | (787,817)                  |
| Interest payments on debt                                                   | (464,496)                  |
| <b>Net cash provided (used) by capital and related financing activities</b> | <b><u>\$ (369,754)</u></b> |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|                                                         |                     |
|---------------------------------------------------------|---------------------|
| Interest income                                         | \$ 22               |
| <b>Net cash provided (used) by investing activities</b> | <b><u>\$ 22</u></b> |

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

|                                                                     |                            |
|---------------------------------------------------------------------|----------------------------|
| Interfund transfers                                                 | \$ (500,675)               |
| <b>Net cash provided (used) by non-capital financing activities</b> | <b><u>\$ (500,675)</u></b> |

|                                                             |                                 |
|-------------------------------------------------------------|---------------------------------|
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>151,190</b>                  |
| <b>Cash and cash equivalents - January 1, 2014</b>          | <b><u>16,297</u></b>            |
| <b>Cash and cash equivalents - December 31, 2014</b>        | <b><u><u>\$ 167,487</u></u></b> |

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

|                                                                                                        |                            |
|--------------------------------------------------------------------------------------------------------|----------------------------|
| Operating Income (Loss)                                                                                | \$ 616,930                 |
| Adjustments to reconcile excess revenues over expenditures provided by (used in) operating activities: |                            |
| Depreciation and amortization                                                                          | 341,446                    |
| Changes in assets and liabilities:                                                                     |                            |
| (Increase) decrease in sewer receivables                                                               | (16,440)                   |
| (Increase) decrease in other receivables                                                               | 24,799                     |
| Increase (decrease) in accounts payable                                                                | 49,237                     |
| Increase (decrease) in payroll payable                                                                 | 5,625                      |
| <b>Net cash provided (used) by operating activities</b>                                                | <b><u>\$ 1,021,597</u></b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2014**

|                                    | <b>POLICE<br/>PENSION<br/>FUND</b> | <b>NON-UNIFORM<br/>PENSION<br/>FUND</b> |
|------------------------------------|------------------------------------|-----------------------------------------|
|                                    | <u>                    </u>        | <u>                    </u>             |
| <b>ASSETS</b>                      |                                    |                                         |
| Cash and Cash Equivalents          | \$ 199,728                         | \$ 180,727                              |
| Investments:                       |                                    |                                         |
| Corporate/Municipal Obligations    | 1,535,840                          | 1,195,834                               |
| Equity Securities                  | 3,016,659                          | 2,219,665                               |
| Accrued Interest                   | 17,888                             | 14,898                                  |
| <b>TOTAL ASSETS</b>                | <u>\$ 4,770,115</u>                | <u>\$ 3,611,124</u>                     |
| <b>LIABILITIES</b>                 |                                    |                                         |
| Other Current Liabilities          | <u>\$ -</u>                        | <u>\$ -</u>                             |
| <b>TOTAL LIABILITIES</b>           | <u>\$ -</u>                        | <u>\$ -</u>                             |
| <b>NET POSITION</b>                |                                    |                                         |
| Held in Trust for Pension Benefits | <u>\$ 4,770,115</u>                | <u>\$ 3,611,124</u>                     |
| <b>TOTAL NET POSITION</b>          | <u><u>\$ 4,770,115</u></u>         | <u><u>\$ 3,611,124</u></u>              |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                             | <b>POLICE<br/>PENSION<br/>FUND</b> | <b>NON-UNIFORM<br/>PENSION<br/>FUND</b> |
|---------------------------------------------|------------------------------------|-----------------------------------------|
|                                             | <u>                    </u>        | <u>                    </u>             |
| <b>ADDITIONS</b>                            |                                    |                                         |
| Interest/Dividends                          | \$ 109,816                         | \$ 82,943                               |
| Realized Gains/(Losses)                     | 1,105,236                          | 739,408                                 |
| Unrealized Depreciation                     | (853,827)                          | (548,125)                               |
| Employer Contributions                      | 163,494                            | 251,073                                 |
| Miscellaneous                               | 81                                 | 120                                     |
| <b>TOTAL ADDITIONS</b>                      | <b><u>\$ 524,800</u></b>           | <b><u>\$ 525,419</u></b>                |
| <br><b>DEDUCTIONS</b>                       |                                    |                                         |
| Benefit Payments                            | \$ (148,601)                       | \$ (150,238)                            |
| Administrative Expenses                     | (55,371)                           | (43,073)                                |
| <b>TOTAL DEDUCTIONS</b>                     | <b><u>\$ (203,972)</u></b>         | <b><u>\$ (193,311)</u></b>              |
| <br><b>CHANGES IN NET POSITION</b>          | <br><b>\$ 320,828</b>              | <br><b>\$ 332,108</b>                   |
| <br><b>NET POSITION - JANUARY 1, 2014</b>   | <br><u>4,449,287</u>               | <br><u>3,279,016</u>                    |
| <br><b>NET POSITION - DECEMBER 31, 2014</b> | <br><b><u>\$ 4,770,115</u></b>     | <br><b><u>\$ 3,611,124</u></b>          |

The accompanying notes are an integral part of these financial statements

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

The financial statement 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 responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the Borough's accounting policies are as follows:

**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. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the Borough's reporting entity because of the significance of their operating or financial relationships with the Borough. Based on the application of these criteria, the Borough of Sewickley has no component units.

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Borough that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibits D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the Borough's business-type activities (sewage fund operations) and 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:

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

- 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 business-type activity or 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 and enterprise financial statements is on major funds rather than reporting funds by type. Major funds represent the Borough's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. Each major fund is presented in a separate column. In Exhibit C, non-major funds, if applicable, are segregated and presented 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.

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 position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. 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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING**

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

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

**MAJOR GOVERNMENTAL FUNDS:**

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

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

**NON-MAJOR GOVERNMENTAL FUNDS:**

**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.

**REAL ESTATE TAX REFUND FUND** (SPECIAL REVENUE) - Established to be used for real estate tax refunds.

**SINKING FUND** – (DEBT SERVICE FUND) – Established to account for proceeds of 2011 and 2014 bond issues, and 2012 note issue, and subsequent debt service payments.

**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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. 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.

The management of the Borough of Sewickley has determined that the revenues most susceptible to accrual at December 31, 2014 are **1)** delinquent real estate taxes earned by the Borough in the fourth quarter of 2014 **2)** deed transfer taxes and vehicle code violations earned by the Borough in December of 2014 **3)** certain taxpayer assessed Act 511 taxes, **4)** sewer fees billed to the Borough residents and collected in January 2015 **5)** cable franchise fees earned during the year, and **6)** other miscellaneous revenues estimable and available to the Borough for 2014 but not as yet collected at December 31, 2014. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflow of resources'.

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, 2014 are those for which the Borough's intention was to expense these items as budgeted for in the 2014 official budget, and for which the Borough has incurred an obligation during 2014, but has not paid as of December 31, 2014.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2013, the Borough of Sewickley adopted its 2014 annual budget for its General Fund totaling \$5,329,805 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 2014. 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 of its agencies or instrumentalities
- III. Deposits in savings accounts, time deposits and 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.
- 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 the governmental units.
- V. Shares of an investment company registered under the Investment Company Act of 1940, and registered under the Securities Act of 1933.
- VI. Any investment authorized by 20 Pa. C.S. Ch. 73 relating to fiduciaries investments.

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**RECEIVABLES**

Sewage receivables are reflected at net realizable value as of December 31, 2014.

**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. Please see Note 6 for further details.

**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 position.

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 position. 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:

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

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 position 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 position (Exhibit D) and the changes in fund balances to the changes in net position (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 \$315,037 is shown as a long-term liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 position 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 position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned revenue arises when the Borough receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Borough has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy Borough obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position 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, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental or proprietary fund financial statements in the year paid. During the 2014 fiscal year, the Borough paid \$57,078 in bond issuance costs as reflected on the proprietary fund statement of revenues, expenses and changes in net position (Exhibit I).

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as an outflow and/or inflow of resources (expenses/expenditure or income/revenue) in the current period.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amount constrained to specific purposes by the Borough itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Borough intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amount that are available for any purpose

The Borough of Sewickley establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget.

A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Council has given authority to the Borough Manager to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Borough's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

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

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At December 31, 2014, the Borough of Sewickley had the following carrying values on its cash and cash equivalent accounts:

|                      | <b><u>Bank Balance</u></b> | <b>(Memo Only)<br/><u>Book Balance</u></b> |
|----------------------|----------------------------|--------------------------------------------|
| General Fund         | \$ 188,175                 | \$ 114,077                                 |
| Capital Project Fund | 424,613                    | 413,813                                    |
| Non-Major Funds      | 66,258                     | 66,015                                     |
| Sewer Fund           | 169,004                    | 167,487                                    |
| Fiduciary Funds      | 380,455                    | 380,455                                    |
| <b>Total</b>         | <b><u>\$ 1,228,505</u></b> | <b><u>\$ 1,141,847</u></b>                 |

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government account \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

**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, 2014, \$728,505 of the Borough's bank balance total is exposed to custodial credit risk as this amount represents 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, 2014 is as follows:

|                                   | <b><u>Fair Value</u></b>   | <b><u>No Stated<br/>Maturity</u></b> | <b><u>1-5 Years</u></b>    |
|-----------------------------------|----------------------------|--------------------------------------|----------------------------|
| <b>Governmental Funds:</b>        |                            |                                      |                            |
| PLGIT                             | \$ 213                     | \$ 213                               | \$ -                       |
| <b>Fiduciary Funds:</b>           |                            |                                      |                            |
| Corporate & Municipal Obligations | \$ 2,731,674               | \$ -                                 | \$ 2,731,674               |
| Equity Securities                 | 5,236,324                  | 5,236,324                            | -                          |
|                                   | <b><u>\$ 7,967,998</u></b> | <b><u>\$ 5,236,324</u></b>           | <b><u>\$ 2,731,674</u></b> |

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.

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

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS: (Continued)**

The funds use amortized cost to report net position 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.

**Interest Rate Risk:**

The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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, 2014, PLGIT was rated AAAM by the Standards & Poors nationally recognized statistical rating organization. Ratings were unavailable for the Borough's corporate obligations at December 31, 2014.

**NOTE 3 - 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, 2014 | (Discount period) |
| May 1 – June 30, 2014    | (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, 2014, \$96,370 of 2014 real estate taxes are unpaid which represents 3.7% of the total assessed property taxes for 2014.

The tax millage assessment for the 2014 calendar year is 5.95 mills on the assessed value of land and buildings, which represents \$5.95 of revenue for every \$1,000 of assessed value.

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

**NOTE 3 - PROPERTY TAXES (Continued)**

Delinquent real estate taxes receivable (Note 4) is reduced by a 25% allowance for uncollectable amounts as deemed appropriate by Borough management. This 25% allowance is set up to as an estimate of amounts due for real estate taxes that date back to decades ago which management believes may not be collected or will be collected years into the future.

**NOTE 4 - RECEIVABLES**

Receivables, as reflected in Exhibit C, consist of the following at December 31, 2014:

**TAXES:**

|                        |                          |
|------------------------|--------------------------|
| Delinquent real estate | \$ 353,392               |
| Deed transfer taxes    | 17,230                   |
| Local service tax      | 1,348                    |
| Earned income tax      | 106,792                  |
| Business privilege     | 4,540                    |
|                        | <u><u>\$ 483,302</u></u> |

**OTHER:**

|                      |                         |
|----------------------|-------------------------|
| Cable franchise fees | \$ 13,445               |
| Municipal fines      | 2,736                   |
| Miscellaneous        | 21,166                  |
|                      | <u><u>\$ 37,347</u></u> |

**NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS**

The 'due from other governmental units' total of \$128,766, as reflected in Exhibit A & C, represents amounts earned by and due the Borough of Sewickley for 2014 from other governmental agencies as follows:

|                                                          |                          |
|----------------------------------------------------------|--------------------------|
| Sewickley Water Authority - Portion of 2014 Road Project | \$ 96,935                |
| Commonwealth of PA - Act 77                              | 8,843                    |
| Osborne Secretarial/Code services                        | 9,631                    |
| Police Reimbursement                                     | 8,467                    |
| Rent                                                     | 2,983                    |
| Fuel                                                     | 1,907                    |
|                                                          | <u><u>\$ 128,766</u></u> |

**NOTE 6 - INTER-FUND RECEIVABLES/PAYABLES**

Internal balances as shown on the "Statement of Net Position" (Exhibit A) and "Due to/from Other Funds" as reflected on Exhibit H reflects the net amount due to all governmental funds from the Sewer Fund totaling \$382,549 for payments made by governmental funds on behalf of the Sewer Fund during 2014.

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

**NOTE 7 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2014 calendar year was as follows:

|                                                         | <b>Balance<br/>1/1/2014</b> | <b>Additions</b>           | <b>Deletions</b>          | <b>Balance<br/>12/31/2014</b> |
|---------------------------------------------------------|-----------------------------|----------------------------|---------------------------|-------------------------------|
| <b>Governmental Activities</b>                          |                             |                            |                           |                               |
| Land                                                    | \$ 1,237,904                | \$ -                       | \$ -                      | \$ 1,237,904                  |
| Infrastructure                                          | 3,871,307                   | -                          | (287)                     | 3,871,020                     |
| Site Improvements                                       | 1,670,246                   | 142,734                    | -                         | 1,812,980                     |
| Buildings and Improvements                              | 1,112,291                   | -                          | -                         | 1,112,291                     |
| Machinery and Equipment                                 | 823,996                     | 93,945                     | -                         | 917,941                       |
| Vehicles                                                | 1,922,878                   | 83,322                     | -                         | 2,006,200                     |
| Construction in Progress                                | 26,254                      | -                          | (26,254)                  | -                             |
|                                                         | <u>\$ 10,664,876</u>        | <u>\$ 320,001</u>          | <u>\$ (26,541)</u>        | <u>\$ 10,958,336</u>          |
| <b>Less: Accumulated depreciation</b>                   |                             |                            |                           |                               |
| Infrastructure                                          | \$ (1,287,751)              | \$ (162,353)               | \$ -                      | \$ (1,450,104)                |
| Site Improvement                                        | (491,635)                   | (77,567)                   | -                         | (569,202)                     |
| Buildings and Improvements                              | (582,169)                   | (31,263)                   | -                         | (613,432)                     |
| Machinery and Equipment                                 | (677,703)                   | (34,942)                   | -                         | (712,645)                     |
| Vehicles                                                | (1,148,626)                 | (127,119)                  | -                         | (1,275,745)                   |
|                                                         | <u>\$ (4,187,884)</u>       | <u>\$ (433,244)</u>        | <u>\$ -</u>               | <u>\$ (4,621,128)</u>         |
| <b>Governmental Activities<br/>Capital Assets, Net</b>  | <u><b>\$ 6,476,992</b></u>  | <u><b>\$ (113,243)</b></u> | <u><b>\$ (26,541)</b></u> | <u><b>\$ 6,337,208</b></u>    |
| <br>                                                    |                             |                            |                           |                               |
|                                                         | <b>Balance<br/>1/1/2014</b> | <b>Additions</b>           | <b>Deletions</b>          | <b>Balance<br/>12/31/2014</b> |
| <b>Business-Type Activities</b>                         |                             |                            |                           |                               |
| Buildings                                               | \$ 3,710,618                | \$ -                       | \$ -                      | \$ 3,710,618                  |
| Equipment                                               | 2,141,422                   | 50,747                     | -                         | 2,192,169                     |
| Storm Sewers                                            | 834,877                     | -                          | -                         | 834,877                       |
| Headworks Dewatering Project                            | 6,253,894                   | -                          | -                         | 6,253,894                     |
| Boundary Street Pump Station                            | 667,009                     | -                          | -                         | 667,009                       |
| Vehicles                                                | 163,499                     | -                          | -                         | 163,499                       |
| Construction in Progress                                | 5,318,920                   | 279,614                    | -                         | 5,598,534                     |
|                                                         | <u>\$ 19,090,239</u>        | <u>\$ 330,361</u>          | <u>\$ -</u>               | <u>\$ 19,420,600</u>          |
| Less: Accumulated<br>Depreciation                       | <u>(3,065,413)</u>          | <u>(335,603)</u>           | <u>-</u>                  | <u>(3,401,016)</u>            |
| <b>Business-Type Activities<br/>Capital Assets, Net</b> | <u><b>\$ 16,024,826</b></u> | <u><b>\$ (5,242)</b></u>   | <u><b>\$ -</b></u>        | <u><b>\$ 16,019,584</b></u>   |

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

**NOTE 7 - CAPITAL ASSETS (Continued)**

Depreciation expense was allocated to governmental functions as follows:

|                        |                          |
|------------------------|--------------------------|
| General Administration | \$ 14,596                |
| Police                 | 35,172                   |
| Fire                   | 62,506                   |
| Public Works           | 236,039                  |
| Culture and Recreation | 84,931                   |
|                        | <b><u>\$ 433,244</u></b> |

**NOTE 8 - 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 John Hancock. In accordance with Internal Revenue Code Section 457, assets in the plan are held in trust for each employee, but remain the property of the Borough of Sewickley until paid to or made available to the participants, subject only to the claims of the Borough's general creditors.

**NOTE 9 – GOVERNMENTAL ACTIVITY LONG-TERM DEBT OBLIGATIONS**

**BONDS PAYABLE – SERIES A OF 2011**

In January of 2011, the Borough of Sewickley issued General Obligation Bonds – Series A of 2011 in the amount of \$2,625,000 to refund on a current refunding basis, the Borough's General Obligation Bonds, Series of 2004, currently refund outstanding bank loans, and to pay all costs incurred with the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between .60 and 3.0%. The bonds provide for early redemption features on or after December 1, 2016. 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 49% of the debt service obligation and the Sewer Fund is responsible for 51% of the debt service obligation.

**NOTES PAYABLE – SERIES OF 2013**

In November of 2013, the Borough of Sewickley issued General Obligation Note – Series of 2013, with First National Bank in the amount of \$950,000 for the acquisition of 418 Walnut Street, Sewickley, Pennsylvania. The terms of the note call for 120 monthly principal and interest payments totaling \$9,216.91 with an interest rate of 3.12%. The loan is scheduled to expire on November 1, 2023.

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

**NOTE 9 – GOVERNMENTAL ACTIVITY LONG-TERM DEBT OBLIGATIONS (Continued)**

A schedule of the December 31, 2014 debt service requirements on the general obligation bonds and notes are as follows:

| <b>Year End<br/>31-Dec</b> | <b>2011 GOB<br/>Principal</b> | <b>2011 GOB<br/>Interest</b> | <b>2013 GON<br/>Principal</b> | <b>2013 GON<br/>Interest</b> | <b>Total</b>        |
|----------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|---------------------|
| 2015                       | \$ 340,000                    | \$ 20,630                    | \$ 85,211                     | \$ 25,392                    | \$ 471,233          |
| 2016                       | 190,000                       | 13,830                       | 87,841                        | 22,762                       | 314,433             |
| 2017                       | 185,000                       | 9,460                        | 90,688                        | 19,915                       | 305,063             |
| 2018                       | 155,000                       | 4,650                        | 92,159                        | 18,444                       | 270,253             |
| 2019                       | -                             | -                            | 96,520                        | 14,083                       | 110,603             |
| 2020-2023                  | -                             | -                            | 400,509                       | 24,866                       | 425,375             |
|                            | <b>\$ 870,000</b>             | <b>\$ 48,570</b>             | <b>\$ 852,928</b>             | <b>\$ 125,462</b>            | <b>\$ 1,896,960</b> |

**LEASE PURCHASE OBLIGATION**

On June 26, 2014, the Borough entered into a lease agreement with Ford Motor Credit Company in the amount of \$83,322 for the purchase of a Ford F-550 truck. The Borough made an initial down payment of \$47,000 which reduced the principal amount due to \$36,322. The lease calls for two (2) annual principal and interest payments of \$19,603. The interest rate is 5.25% and the lease obligation is scheduled to mature on June 27, 2016. A schedule of the December 31, 2014 lease requirement on the Ford Motor Credit Company lease is as follows:

| <b>Year End<br/>31-Dec</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |
|----------------------------|------------------|-----------------|------------------|
| 2015                       | \$ 17,696        | \$ 1,907        | \$ 19,603        |
| 2016                       | 18,625           | 978             | 19,603           |
|                            | <b>\$ 36,321</b> | <b>\$ 2,885</b> | <b>\$ 39,206</b> |

**NOTE 10 – BUSINESS-TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS**

**BONDS PAYABLE – SERIES B OF 2011**

In January of 2011, the Borough of Sewickley issued General Obligation Bonds – Series B of 2011 in the amount of \$5,430,000 to provide the Borough with the funds required to pay off a December 2009 loan from the Pennsylvania Infrastructure Investment Authority, to complete the renovation, rebuilding and upgrade of the headwaters and dewatering facility at the Sewickley wastewater treatment plant, and to pay all costs incurred with the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between .60 and 4.4%. The bonds provide for early redemption features on or after December 1, 2016. The Bonds are scheduled to mature on December 1, 2030 and are secured by the full faith and taxing power of the Borough.

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

**NOTE 10 – BUSINESS-TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS (Continued)**

**BONDS PAYABLE – SERIES C OF 2011**

In January of 2011, the Borough of Sewickley issued General Obligation Bonds – Series C of 2011 in the amount of \$4,445,000 for engineering costs concerning the upgrade and rebuilding of, and to undertake a capital project to upgrade and rebuild, sewer interconnect lines and a pump station which is located in the Borough of Glen Osborne to establish a regional sewer collection system, and to fund change orders and delay construction charges incurred in connection with the renovation, rebuilding and upgrade of the headwaters and dewatering facility at the Sewickley wastewater treatment plant and to pay the cost to repair and rebuild the dystor at the Sewickley wastewater treatment plant, to pay capitalized interest on the bonds, and to pay all costs incurred with the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between 2.0 and 4.7%. The bonds provide for early redemption features on or after December 1, 2016. The Bonds are scheduled to mature on December 1, 2040 and are secured by the full faith and taxing power of the Borough.

**NOTES PAYABLE – SERIES OF 2012**

In July of 2012, the Borough of Sewickley issued General Obligation Note – Series of 2012 in the amount of \$3,500,000 for certain capital improvements to the Borough of Sewickley Wastewater Treatment System, other capital and equipment projects as determined by Borough Council, interest during the construction period, and to pay all costs incurred with the issuance of the Note. Interest is payable semi-annually on June 1 and December 1 at a rate of 3%. The Note is to mature on December 1, 2024 and is secured by the full faith and taxing power of the Borough.

**BONDS PAYABLE – SERIES A AND B OF 2014**

In May of 2014, the Borough of Sewickley issued General Obligation Bonds – Series A and B of 2014 in the amount of \$1,270,000 to provide permanent financing of the completed Glen Osborne Interconnect Project, to complete various sanitary sewer improvements in the Borough Of Glen Osborne, and to pay all costs incurred with the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between 1.033 and 3.365%. The bonds provide for early redemption features on or after June 1, 2022. The Series A 2014 Bonds are scheduled to mature on June 1, 2022, and the Series B 2014 Bonds are scheduled to mature on June 1, 2023 and are secured by the full faith and taxing power of the Borough.

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

**NOTE 10 – BUSINESS-TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS (Continued)**

A schedule of the December 31, 2014 debt service requirement on the business-type activity general obligation bonds are as follows:

| <b>Year End<br/>31-Dec</b> | <b>Series B 2011<br/>Principal</b> | <b>Series C 2011<br/>Principal</b> | <b>Series 2012<br/>Principal</b> | <b>Series A 2014<br/>Principal</b> | <b>Series B 2014<br/>Principal</b> |
|----------------------------|------------------------------------|------------------------------------|----------------------------------|------------------------------------|------------------------------------|
| 2015                       | \$ 220,000                         | \$ 100,000                         | \$ 291,667                       | \$ -                               | \$ -                               |
| 2016                       | 225,000                            | 100,000                            | 291,667                          | 55,000                             | -                                  |
| 2017                       | 230,000                            | 100,000                            | 291,667                          | 75,000                             | -                                  |
| 2018                       | 235,000                            | 105,000                            | 291,667                          | 100,000                            | -                                  |
| 2019                       | 245,000                            | 110,000                            | 291,667                          | 190,000                            | -                                  |
| 2020-2024                  | 1,350,000                          | 600,000                            | 1,458,332                        | 560,000                            | 290,000                            |
| 2025-2029                  | 1,655,000                          | 730,000                            | -                                | -                                  | -                                  |
| 2030-2034                  | 375,000                            | 910,000                            | -                                | -                                  | -                                  |
| 2035-2039                  | -                                  | 1,150,000                          | -                                | -                                  | -                                  |
| 2040                       | -                                  | 260,000                            | -                                | -                                  | -                                  |
|                            | <b>\$ 4,535,000</b>                | <b>\$ 4,165,000</b>                | <b>\$ 2,916,667</b>              | <b>\$ 980,000</b>                  | <b>\$ 290,000</b>                  |

| <b>Year End<br/>31-Dec</b> | <b>Interest</b>     | <b>Total</b>         |
|----------------------------|---------------------|----------------------|
| 2015                       | \$ 461,062          | \$ 1,072,729         |
| 2016                       | 445,622             | 1,117,289            |
| 2017                       | 428,515             | 1,125,182            |
| 2018                       | 409,524             | 1,141,191            |
| 2019                       | 387,120             | 1,223,787            |
| 2020-2024                  | 1,525,428           | 5,783,760            |
| 2025-2029                  | 944,698             | 3,329,698            |
| 2030-2034                  | 477,810             | 1,762,810            |
| 2035-2039                  | 227,845             | 1,377,845            |
| 2040                       | 12,220              | 272,220              |
|                            | <b>\$ 5,319,844</b> | <b>\$ 18,206,511</b> |

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

**NOTE 11 – CHANGES IN LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the Borough's long-term liabilities during the 2014 calendar year:

|                                 | <u>Balance</u><br><u>1/1/2014</u> | <u>Additions</u>    | <u>Reductions</u> | <u>Balance</u><br><u>12/31/2014</u> | <u>Due Within</u><br><u>One Year</u> |
|---------------------------------|-----------------------------------|---------------------|-------------------|-------------------------------------|--------------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>  |                                   |                     |                   |                                     |                                      |
| General Obligation Bonds        | \$ 605,150                        | \$ -                | \$ 178,850        | \$ 426,300                          | \$ 166,600                           |
| General Obligation Notes        | 935,525                           | -                   | 82,597            | 852,928                             | 85,211                               |
| Lease Purchase Obligations      | -                                 | 83,322              | 47,000            | 36,322                              | 17,696                               |
| <b>Total long-term debt -</b>   |                                   |                     |                   |                                     |                                      |
| <b>Governmental activities</b>  | <b>\$ 1,540,675</b>               | <b>\$ 83,322</b>    | <b>\$ 308,447</b> | <b>\$ 1,315,550</b>                 | <b>\$ 269,507</b>                    |
| <b>BUSINESS-TYPE ACTIVITIES</b> |                                   |                     |                   |                                     |                                      |
| General Obligation Bonds        | \$ 9,639,850                      | \$ 1,270,000        | \$ 496,150        | \$ 10,413,700                       | \$ 493,400                           |
| General Obligation Notes        | 3,208,333                         | -                   | 291,666           | 2,916,667                           | 291,667                              |
| <b>Total long-term debt -</b>   |                                   |                     |                   |                                     |                                      |
| <b>Business-Type Activities</b> | <b>\$ 12,848,183</b>              | <b>\$ 1,270,000</b> | <b>\$ 787,816</b> | <b>\$ 13,330,367</b>                | <b>\$ 785,067</b>                    |

**NOTE 12 - 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 Guyasuta Investment Advisors. FNB Wealth Management is the custodian of the funds.

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. The Borough contributed \$163,494 to the plan in 2014.

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

**NOTE 12 - 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 Guyasuta Investment Advisors. FNB Wealth Management is the custodian of the funds.

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

|                              |                                                                                                                                                                                                                                                                                                        |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>PARTICIPANTS</u></b> - | All full-time employees of the Borough of Sewickley other than police and the Borough manager.                                                                                                                                                                                                         |
| <b><u>ELIGIBILITY</u></b> -  | 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.                                                                                                                            |
| <b><u>BENEFITS</u></b> -     | Based on 1.85% of the participant's average monthly salary earned during the final 36 months of employment at retirement multiplied by years of service.                                                                                                                                               |
| <b><u>TERMINATION</u></b> -  | The plan provides terminated employees with a return of their contribution plus interest.                                                                                                                                                                                                              |
| <b><u>VESTING</u></b> -      | Participants are entitled to a vested deferred benefit (100%) after 5 years of service.                                                                                                                                                                                                                |
| <b><u>FUNDING</u></b> -      | 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 \$251,073 to the plan in 2014. |

Plan membership as of January 1, 2013 was comprised of:

|                                                                         | <b><u>POLICE</u></b> | <b><u>NON-<br/>UNIFORM</u></b> |
|-------------------------------------------------------------------------|----------------------|--------------------------------|
| Active employees                                                        | 8                    | 18                             |
| Retirees and beneficiaries currently receiving benefits                 | 7                    | 16                             |
| Terminated employees entitled to benefits<br>but not yet receiving them | 1                    | 4                              |
| Total                                                                   | <u>16</u>            | <u>38</u>                      |

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

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**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.

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, 2014. 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 FNB Wealth Management, are as follows at December 31, 2014:

|                                 | <b><u>POLICE</u></b> | <b><u>%</u></b> | <b><u>NONUNIFORM</u></b> | <b><u>%</u></b> |
|---------------------------------|----------------------|-----------------|--------------------------|-----------------|
| Money Market Funds              | \$ 199,701           | 4.2%            | \$ 180,482               | 5.0%            |
| Municipal/Corporate Obligations | 1,535,840            | 32.3%           | 1,195,834                | 33.3%           |
| Equity Securities               | 3,016,659            | 63.5%           | 2,219,665                | 61.7%           |

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

**NOTE 12 - BOROUGH PENSION PLANS (Continued)**

**FUNDING REQUIREMENTS (Continued)**

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

| <u>YEAR ENDED<br/>DECEMBER 31</u> | <u>PENSION<br/>COST</u> | <u>PERCENTAGE<br/>CONTRIBUTED</u> |
|-----------------------------------|-------------------------|-----------------------------------|
| <b>POLICE:</b>                    |                         |                                   |
| 2008                              | 66,644                  | 100%                              |
| 2009                              | 91,846                  | 100%                              |
| 2010                              | 121,242                 | 100%                              |
| 2011                              | 114,711                 | 100%                              |
| 2012                              | 97,760                  | 89%                               |
| 2013                              | 180,228                 | 100%                              |
| 2014                              | 163,494                 | 100%                              |
| <b>NON-UNIFORM:</b>               |                         |                                   |
| 2008                              | 134,672                 | 100%                              |
| 2009                              | 142,492                 | 100%                              |
| 2010                              | 186,236                 | 100%                              |
| 2011                              | 192,086                 | 100%                              |
| 2012                              | 194,346                 | 100%                              |
| 2013                              | 253,377                 | 100%                              |
| 2014                              | 251,073                 | 100%                              |

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the pension benefits as described in Note 12, 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 2014 was approximately \$65.

**NOTE 14 – 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 15 - CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough, on occasion, can be party to various legal actions arising from normal business operations. As of December 31, 2014, the Borough is unaware of any pending litigation that would be material to the financial position of the Borough of Sewickley.

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

**NOTE 15 - CONTINGENT LIABILITIES (Continued)**

**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 16 – PENDING GASB PRONOUNCEMENTS**

In June 2012, GASB issued Statement No. 68, '*Accounting and Financial Reporting for Pensions*', which amends GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for the Borough's financial statements as of December 31, 2015.

In November of 2013, GASB issued Statement No. 71, '*Pension Transition for Contributions Made Subsequent to Measurement Date – an Amendment to GASB 68*'. The primary objective of this Statement is to address an issue regarding application of the transition provisions of GASB 68. The provisions of this Statement are effective for the Borough's financial statements as of December 31, 2015.

The effects of the implementing GASB Statements No. 68 and 71 on the Borough of Sewickley's financial statements have not yet been determined.

**NOTE 17 – SUBSEQUENT EVENTS**

The Borough is not aware of any subsequent events after December 31, 2014 and through the date of the financial statements, March 23, 2015, that would require recognition or disclosure in the financial statements.

# **SUPPLEMENTARY INFORMATION**

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                          | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|------------------------------------------|----------------------------|----------------------------|-----------------------------------------------|
| <b><u>TAXES:</u></b>                     |                            |                            |                                               |
| Real estate - current                    | \$ 2,576,390               | \$ 2,479,354               | \$ 2,796,835                                  |
| Real estate - prior                      | -                          | 20,599                     | 6,772                                         |
| Real estate - liened                     | 100,000                    | 143,669                    | 90,829                                        |
| Per capita tax                           | 9,500                      | 9,238                      | 9,298                                         |
| Real estate transfer tax                 | 150,000                    | 162,882                    | 193,709                                       |
| Earned income tax                        | 1,110,000                  | 1,037,428                  | 1,048,720                                     |
| LST                                      | -                          | 135,109                    | 135,961                                       |
| Business privilege tax                   | 185,000                    | 173,857                    | 172,069                                       |
| Penalties & interest on delinquent taxes | 6,000                      | 5,611                      | 5,414                                         |
| <b>TOTAL TAXES</b>                       | <b><u>\$ 4,136,890</u></b> | <b><u>\$ 4,167,748</u></b> | <b><u>\$ 4,459,607</u></b>                    |
| <b><u>LICENSES AND PERMITS:</u></b>      |                            |                            |                                               |
| Amusement licenses                       | \$ 4,500                   | \$ -                       | \$ 5,000                                      |
| Cable franchise license                  | 65,000                     | 78,993                     | 76,991                                        |
| Tree expert License                      | 100                        | 100                        | 75                                            |
| Street permits                           | 7,000                      | 3,000                      | 7,250                                         |
| <b>TOTAL LICENSES AND PERMITS</b>        | <b><u>\$ 76,600</u></b>    | <b><u>\$ 82,093</u></b>    | <b><u>\$ 89,316</u></b>                       |
| <b><u>FINES AND FORFEITURES:</u></b>     |                            |                            |                                               |
| Motor vehicle code violations            | \$ 45,000                  | \$ 21,185                  | \$ 31,098                                     |
| Parking violations                       | 75,000                     | 70,020                     | 63,236                                        |
| Non-Traffic Citations                    | 8,000                      | 15,198                     | 16,020                                        |
| <b>TOTAL FINES AND FORFEITURES</b>       | <b><u>\$ 128,000</u></b>   | <b><u>\$ 106,403</u></b>   | <b><u>\$ 110,354</u></b>                      |
| <b><u>INTEREST AND RENTS:</u></b>        |                            |                            |                                               |
| Interest                                 | \$ -                       | \$ 366                     | \$ 1,122                                      |
| Rents                                    | 16,000                     | 16,139                     | 16,017                                        |
| <b>TOTAL INTEREST AND RENTS</b>          | <b><u>\$ 16,000</u></b>    | <b><u>\$ 16,506</u></b>    | <b><u>\$ 17,139</u></b>                       |
| <b><u>INTERGOVERNMENTAL:</u></b>         |                            |                            |                                               |
| PURTA                                    | \$ 4,400                   | \$ 5,298                   | \$ 5,045                                      |
| Liquor licenses                          | 2,800                      | 2,200                      | 2,800                                         |
| Municipal pension state aid              | 135,000                    | 123,926                    | 132,068                                       |
| Foreign fire insurance                   | 34,000                     | 31,735                     | 33,679                                        |
| Act 13 gas                               | 150                        | 254                        | 184                                           |
| Act 77 revenues                          | 90,000                     | 103,635                    | 95,940                                        |
| <b>TOTAL INTERGOVERNMENTAL</b>           | <b><u>\$ 266,350</u></b>   | <b><u>\$ 267,047</u></b>   | <b><u>\$ 269,716</u></b>                      |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                     | <u>BUDGET</u>     | <u>ACTUAL</u>     | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|-------------------------------------|-------------------|-------------------|-----------------------------------------------|
| <b><u>CHARGES FOR SERVICES:</u></b> |                   |                   |                                               |
| Osborne Borough secretary services  | \$ 36,000         | \$ 34,501         | \$ 35,271                                     |
| Osborne crossing guard              | 3,800             | -                 | 708                                           |
| Zoning permits                      | 500               | 5,500             | 500                                           |
| Engineering review                  | 500               | -                 | -                                             |
| Zoning hearing fees                 | 1,500             | 6,000             | 3,000                                         |
| No lien letter                      | 4,500             | 4,587             | 5,430                                         |
| Sale of street banner permits       | 7,000             | 6,250             | 7,300                                         |
| Sale of recycling bins              | 350               | 594               | 329                                           |
| Special police services             | 137,700           | 131,044           | 132,383                                       |
| Fire protection services-Haysville  | 3,630             | 4,213             | 4,213                                         |
| Fire protection services-Osborne    | 17,032            | 24,343            | 17,032                                        |
| Fire equipment replacement fund     | 3,200             | 3,564             | 3,511                                         |
| Code service fees                   | -                 | 5,783             | 5,849                                         |
| Building permits                    | 80,000            | 77,102            | 72,730                                        |
| Occupancy permits                   | 300               | 300               | -                                             |
| Parking meter revenues              | 180,000           | 168,892           | 166,370                                       |
| Parking permits                     | 1,000             | 3,802             | 382                                           |
| Salt Reimbursement                  | 25,000            | 31,063            | 22,482                                        |
| Special public works services       | 2,000             | -                 | 1,594                                         |
| Road project                        | 5,000             | -                 | 1,800                                         |
| Road project - Prior Year           | -                 | 940               | -                                             |
| Park shelter fees                   | 13,000            | 12,375            | 12,900                                        |
| Tree fund-license/permits/donations | 4,000             | 2,811             | 4,490                                         |
| QVSD Gas                            | 30,000            | 14,386            | 40,174                                        |
| BSWA Gas                            | 15,750            | 18,782            | 17,377                                        |
| <b>TOTAL CHARGES FOR SERVICES</b>   | <b>\$ 571,762</b> | <b>\$ 556,831</b> | <b>\$ 555,824</b>                             |
| <b><u>MISCELLANEOUS:</u></b>        |                   |                   |                                               |
| Miscellaneous revenue               | \$ 33,000         | \$ 13,895         | \$ 29,116                                     |
| Contributions and donations         | -                 | 9,232             | 24,665                                        |
| MRM Dividends                       | -                 | 39,067            | -                                             |
| 2014 SWA Portion of Road Project    | -                 | 196,936           | -                                             |
| Health insurance reimbursements     | 22,400            | 25,540            | 23,642                                        |
| Workmen's compensation              | -                 | 266               | 11,135                                        |
| <b>TOTAL MISCELLANEOUS</b>          | <b>\$ 55,400</b>  | <b>\$ 284,937</b> | <b>\$ 88,559</b>                              |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                       | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|-------------------------------------------------------|----------------------------|----------------------------|-----------------------------------------------|
| <b><u>OTHER FINANCIAL SOURCES:</u></b>                |                            |                            |                                               |
| Transfer from Liquid Fuels                            | \$ 78,803                  | \$ 74,745                  | \$ 79,998                                     |
| Transfer from Real Estate Tax Refund                  | -                          | 110,000                    | -                                             |
| Transfer from Sinking Fund                            | -                          | 45,570                     | -                                             |
| Transfer from Sewer Fund                              | -                          | -                          | 92,921                                        |
| Refund of prior year expenses                         | -                          | 6,011                      | -                                             |
| <b>TOTAL OTHER FINANCIAL SOURCES</b>                  | <b><u>\$ 78,803</u></b>    | <b><u>\$ 236,326</u></b>   | <b><u>\$ 172,919</u></b>                      |
| <br>                                                  |                            |                            |                                               |
| <b>TOTAL REVENUES AND<br/>OTHER FINANCING SOURCES</b> | <b><u>\$ 5,329,805</u></b> | <b><u>\$ 5,717,891</u></b> | <b><u>\$ 5,763,434</u></b>                    |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                    | <u>BUDGET</u>     | <u>ACTUAL</u>     | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|------------------------------------|-------------------|-------------------|-----------------------------------------------|
| <b><u>GENERAL GOVERNMENT:</u></b>  |                   |                   |                                               |
| <b><u>LEGISLATIVE BODY:</u></b>    |                   |                   |                                               |
| Salary - manager                   | \$ 97,200         | \$ 115,389        | \$ 95,092                                     |
| Salary - borough secretary         | 14,500            | 10,276            | 11,985                                        |
| Salaries - staff                   | 133,807           | 146,599           | 142,354                                       |
| Life/accident insurance            | 3,500             | 3,576             | 2,953                                         |
| Dental insurance                   | 3,831             | 3,872             | 4,233                                         |
| Long term disability insurance     | 3,110             | 4,008             | 2,317                                         |
| Vision care                        | 396               | 369               | 424                                           |
| Keystone HMO                       | 30,637            | 30,578            | 30,322                                        |
| Health savings account             | 4,500             | 4,500             | 4,500                                         |
| Pension                            | 55,076            | 57,762            | 47,922                                        |
| Social security(FICA)              | 17,938            | 22,443            | 20,049                                        |
| Unemployment compensation          | 4,450             | 296               | 139                                           |
| Workmans comp                      | 10,781            | 10,571            | 12,353                                        |
| Admin overtime                     | 2,000             | 1,515             | 942                                           |
| Materials and supplies             | 10,000            | 6,952             | 10,230                                        |
| Other expense                      | 10,000            | 6,297             | 13,276                                        |
| Computer maintenance               | 22,500            | 18,442            | 20,348                                        |
| Computer services                  | 12,500            | 10,238            | 12,430                                        |
| Auditing services                  | 8,500             | 6,338             | 6,138                                         |
| Website                            | 5,000             | 3,919             | 2,621                                         |
| PEG channel                        | 6,000             | 5,988             | 7,237                                         |
| Solicitor retainer                 | 8,400             | 8,400             | 8,400                                         |
| Other legal services               | 55,000            | 86,189            | 115,499                                       |
| Engineer                           | 14,000            | 51,692            | 30,452                                        |
| Telephone                          | 7,200             | 6,389             | 6,857                                         |
| Postage                            | 3,500             | 2,336             | 4,752                                         |
| Equipment lease                    | 18,000            | 14,483            | 15,586                                        |
| Auto allowance manager             | 2,000             | 2,112             | 1,387                                         |
| Advertising                        | 10,000            | 9,542             | 4,904                                         |
| Property and liability insurance   | 43,000            | 41,018            | 42,889                                        |
| Dues/subscriptions and memberships | 10,000            | 12,658            | 10,364                                        |
| Meetings and conferences           | 10,000            | 3,665             | 7,980                                         |
| Contingencies                      | 130,903           | 84,175            | 149,143                                       |
| Center contribution                | 15,000            | 15,000            | 15,000                                        |
| <b>TOTAL LEGISLATIVE BODY</b>      | <b>\$ 783,229</b> | <b>\$ 807,585</b> | <b>\$ 861,078</b>                             |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                 | <u>BUDGET</u>         | <u>ACTUAL</u>           | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|-------------------------------------------------|-----------------------|-------------------------|-----------------------------------------------|
| <b><u>GENERAL GOVERNMENT: (continued)</u></b>   |                       |                         |                                               |
| <b><u>TAX COLLECTION:</u></b>                   |                       |                         |                                               |
| Salary                                          | \$ 2,400              | \$ 2,443                | \$ 2,414                                      |
| Social Security(FICA)                           | 250                   | 184                     | 184                                           |
| Unemployment insurance                          | 1,700                 | 100                     | 842                                           |
| Workers compensation                            | 800                   | 609                     | 673                                           |
| Other expense                                   | 22,000                | 19,348                  | 25,278                                        |
| Wage tax collection fees                        | 5,000                 | -                       | 53                                            |
| LST collection fees                             | 2,100                 | 2,807                   | 3,112                                         |
| Business privilege collection fees              | 4,200                 | 3,470                   | 3,548                                         |
| Telephone                                       | 400                   | 371                     | 377                                           |
| <b>TOTAL TAX COLLECTION</b>                     | <b>\$ 38,850</b>      | <b>\$ 29,331</b>        | <b>\$ 36,481</b>                              |
| <br><b><u>MUNICIPAL BUILDING AND PLANT:</u></b> |                       |                         |                                               |
| Salary staff                                    | \$ 44,232             | \$ 44,598               | \$ 43,299                                     |
| Life/accident insurance                         | 500                   | 681                     | 636                                           |
| Dental insurance                                | 372                   | 373                     | 420                                           |
| Long term disability insurance                  | 370                   | 366                     | 379                                           |
| Vision care                                     | 99                    | 97                      | 113                                           |
| Keystone HMO                                    | 4,970                 | 4,968                   | 4,891                                         |
| Health savings account                          | 1,500                 | 1,500                   | 1,500                                         |
| Pension                                         | 15,692                | 15,692                  | 14,077                                        |
| Social Security(FICA)                           | 3,454                 | 3,510                   | 3,408                                         |
| Unemployment insurance                          | 1,270                 | 411                     | 414                                           |
| Workers compensation                            | 2,000                 | 1,521                   | 1,682                                         |
| Overtime                                        | 2,000                 | 1,768                   | 1,479                                         |
| Uniform maintenance                             | 900                   | 775                     | 786                                           |
| Materials and supplies                          | 6,500                 | 7,448                   | 11,546                                        |
| Other expenses                                  | 2,000                 | 230                     | 5,305                                         |
| Property and liability insurance                | 7,200                 | 7,337                   | 6,798                                         |
| Electricity                                     | 28,000                | 24,140                  | 25,030                                        |
| Gas                                             | 16,000                | 15,094                  | 12,013                                        |
| Repairs and maintenance                         | 32,000                | 34,314                  | 57,968                                        |
| <b>TOTAL MUNICIPAL BUILDING AND PLANT</b>       | <b>\$ 169,059</b>     | <b>\$ 164,822</b>       | <b>\$ 191,744</b>                             |
| <br><b>TOTAL GENERAL GOVERNMENT</b>             | <br><b>\$ 991,138</b> | <br><b>\$ 1,001,738</b> | <br><b>\$ 1,089,303</b>                       |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                     | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|-------------------------------------|---------------------|---------------------|-----------------------------------------------|
| <b><u>PUBLIC SAFETY:</u></b>        |                     |                     |                                               |
| <b><u>POLICE PROTECTION:</u></b>    |                     |                     |                                               |
| Salary - chief                      | \$ 94,322           | \$ 99,311           | \$ 95,818                                     |
| Salary - sargeants                  | 258,732             | 269,484             | 261,095                                       |
| Salary - full time patrolmen        | 323,824             | 311,401             | 225,278                                       |
| Salary - part time patrolmen        | 50,000              | 117,272             | 142,068                                       |
| Salary - full time desk             | 40,240              | 39,334              | 39,371                                        |
| Salary - meter patrol               | 35,875              | 19,568              | 19,677                                        |
| Life/accident insurance             | 12,983              | 12,813              | 10,611                                        |
| Dental insurance                    | 10,749              | 8,812               | 8,145                                         |
| Long term disability insurance      | 3,720               | 3,209               | 3,057                                         |
| Vision care                         | 990                 | 767                 | 735                                           |
| Keystone HMO                        | 125,481             | 98,564              | 86,878                                        |
| Supplemental retirement             | 2,400               | 2,400               | 2,400                                         |
| Health savings account              | 28,500              | 19,500              | 16,500                                        |
| Pension                             | 179,186             | 179,186             | 194,305                                       |
| Social Security(FICA)               | 73,127              | 74,914              | 70,701                                        |
| Unemployment insurance              | 15,450              | 7,245               | 8,245                                         |
| Workers compensation                | 69,455              | 58,174              | 67,584                                        |
| Overtime                            | 27,000              | 42,655              | 61,503                                        |
| Longevity                           | 20,938              | 21,023              | 19,779                                        |
| OIC                                 | 6,000               | 3,347               | 2,353                                         |
| Shift differential                  | 4,639               | 5,079               | 3,965                                         |
| Court fees                          | 14,000              | 16,129              | 9,054                                         |
| Holiday pay - ftp                   | 26,144              | 34,291              | 28,832                                        |
| HL benefit                          | -                   | 2,381               | 28,848                                        |
| DARE grant xpense                   | 3,000               | 1,608               | 1,897                                         |
| Uniform allowance                   | 9,850               | 10,375              | 6,467                                         |
| Material and supplies               | 3,500               | 3,200               | 6,815                                         |
| Other expense                       | 26,000              | 24,110              | 9,595                                         |
| Computer maintenance                | 12,500              | 12,884              | 11,001                                        |
| Computer services                   | 3,000               | 3,663               | 4,519                                         |
| Gasoline and oil                    | 16,500              | 21,233              | 17,562                                        |
| Vehicle operating expense           | 16,000              | 8,281               | 15,461                                        |
| Tires                               | 2,000               | 2,255               | 745                                           |
| Training rifle range                | 8,000               | 4,428               | 3,386                                         |
| Telephone                           | 12,500              | 11,201              | 11,244                                        |
| Postage                             | 1,800               | 2,121               | 1,585                                         |
| Radio maintenance                   | 5,000               | 2,008               | 786                                           |
| Property and liability insurance    | 16,500              | 25,730              | 15,450                                        |
| Dues, subscriptions and memberships | 750                 | 330                 | 580                                           |
| Meetings and conferences            | 2,500               | 16                  | 695                                           |
| New police car                      | -                   | -                   | 40,650                                        |
| Quaker Valley Ambulance Authority   | 35,000              | 30,616              | 30,616                                        |
| <b>TOTAL POLICE PROTECTION</b>      | <b>\$ 1,598,155</b> | <b>\$ 1,610,918</b> | <b>\$ 1,585,856</b>                           |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                          | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| <b><u>PUBLIC SAFETY: (continued)</u></b> |                     |                     |                                               |
| <b><u>FIRE PROTECTION:</u></b>           |                     |                     |                                               |
| Workers compensation                     | \$ 15,870           | \$ 17,915           | \$ 9,061                                      |
| Materials and supplies                   | 1,200               | 51                  | 1,178                                         |
| Other expense                            | 2,000               | 1,958               | 1,963                                         |
| Fire hose and couplings                  | 6,000               | 5,698               | 2,041                                         |
| Vehicle operating expense                | 40,000              | 37,173              | 44,128                                        |
| Telephone and radio expense              | 10,000              | 12,380              | 11,146                                        |
| Insurance                                | -                   | 10,000              | -                                             |
| Foreign casualty premium                 | 34,000              | 31,735              | 33,679                                        |
| Contracted services                      | 40,000              | 40,000              | 40,000                                        |
| Training                                 | 3,000               | 2,192               | 3,080                                         |
| Hydrant fee                              | 20,000              | 16,400              | 16,450                                        |
| <b>TOTAL FIRE PROTECTION</b>             | <b>\$ 172,070</b>   | <b>\$ 175,502</b>   | <b>\$ 162,727</b>                             |
| <b><u>PROTECTIVE INSPECTION:</u></b>     |                     |                     |                                               |
| Salary code enforcement officer          | \$ 61,299           | \$ 61,778           | \$ 59,954                                     |
| Life insurance/accident                  | 700                 | 747                 | 720                                           |
| Dental insurance                         | 372                 | 1,161               | 1,280                                         |
| Long term disability                     | 400                 | 366                 | 379                                           |
| Vision insurance                         | 99                  | 97                  | 113                                           |
| Keystone                                 | 13,667              | 13,683              | 13,431                                        |
| Health savings account                   | 3,000               | 3,000               | 3,000                                         |
| Pension                                  | 15,692              | 15,692              | 14,077                                        |
| FICA                                     | 4,600               | 4,685               | 4,572                                         |
| Unemployment compensation                | 1,400               | 411                 | 414                                           |
| Workers compensation                     | 1,800               | 1,521               | 1,682                                         |
| Materials and supplies                   | 2,000               | 1,345               | 2,476                                         |
| DCED-UCC training                        | 500                 | 48                  | 476                                           |
| Zoning hearing board - legal service     | 7,500               | 1,260               | 9,999                                         |
| Zoning hearing board - steno service     | 3,000               | 2,003               | 3,103                                         |
| Telephone                                | 1,800               | 1,367               | 1,361                                         |
| Postage and advertising                  | 1,200               | 1,336               | 1,352                                         |
| Historic review commission               | 500                 | 1,680               | -                                             |
| Planning commission                      | 7,500               | 4,143               | 7,455                                         |
| Zoning ordinance update                  | 2,500               | 2,064               | 18,648                                        |
| <b>TOTAL PROTECTIVE INSPECTION</b>       | <b>\$ 129,529</b>   | <b>\$ 118,389</b>   | <b>\$ 144,493</b>                             |
| <b>TOTAL PUBLIC SAFETY</b>               | <b>\$ 1,899,754</b> | <b>\$ 1,904,808</b> | <b>\$ 1,893,076</b>                           |
| <b><u>PUBLIC WORKS:</u></b>              |                     |                     |                                               |
| Salary foreman                           | \$ 60,424           | \$ 62,477           | \$ 58,743                                     |
| Salaries                                 | 392,523             | 278,617             | 290,722                                       |
| Life/accident insurance                  | 5,562               | 5,400               | 5,085                                         |
| Dental insurance                         | 6,788               | 6,584               | 7,186                                         |
| Long term disability                     | 2,904               | 2,596               | 2,601                                         |
| Vision care                              | 768                 | 650                 | 736                                           |
| Keystone HMO                             | 86,791              | 83,324              | 81,766                                        |
| Health savings account                   | 19,125              | 18,000              | 19,500                                        |
| Pension                                  | 125,536             | 109,845             | 98,539                                        |
| Social Security(FICA)                    | 37,331              | 38,588              | 38,546                                        |
| Unemployment insurance                   | 12,632              | 3,843               | 3,829                                         |
| Workers compensation                     | 44,265              | 39,318              | 46,805                                        |
| Overtime                                 | 50,000              | 83,680              | 77,220                                        |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                         | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|-----------------------------------------|----------------------------|----------------------------|-----------------------------------------------|
| <b><u>PUBLIC WORKS: (continued)</u></b> |                            |                            |                                               |
| Uniform maintenance                     | 7,200                      | 8,314                      | 9,010                                         |
| Snow and ice materials                  | 55,000                     | 82,164                     | 74,605                                        |
| Gasoline and oil                        | 72,500                     | 57,905                     | 88,217                                        |
| Vehicle operation maintenance           | 40,000                     | 46,118                     | 39,368                                        |
| Vehicle operating expense               | 42,000                     | 45,663                     | 39,767                                        |
| Street signs and markings               | 12,000                     | 9,782                      | 11,954                                        |
| Other highway care expenses             | 42,800                     | 52,465                     | 50,061                                        |
| Water                                   | 800                        | 452                        | 524                                           |
| Tools and minor equipment               | 6,000                      | 7,390                      | 20,804                                        |
| Telephone and radio                     | -                          | 6,331                      | 2,705                                         |
| Property and liability insurance        | 15,000                     | 15,000                     | 13,596                                        |
| Meter repair                            | 15,000                     | 14,601                     | 17,481                                        |
| Patching and sealing                    | -                          | 4,525                      | 2,630                                         |
| Replacement Ramp - Academy and Beaver   | -                          | 5,227                      | -                                             |
| Storm damage repair                     | -                          | -                          | 658                                           |
| Engineering - road                      | -                          | 83,458                     | 47,086                                        |
| Tree service - waterline replacement    | -                          | 8,543                      | -                                             |
| Repair crosswalks                       | -                          | 9,270                      | -                                             |
| Brick - Chadwick Street                 | -                          | 15,088                     | -                                             |
| Catchbasins                             | -                          | 7,880                      | -                                             |
| 2014 Road Project                       | -                          | 959,334                    | -                                             |
| 2012 Road Project                       | -                          | -                          | 1,483                                         |
| 2013 Road Project                       | 620,000                    | 755                        | 354,077                                       |
| Traffic signals                         | 18,000                     | 14,542                     | 18,209                                        |
| Street lighting                         | 87,000                     | 84,521                     | 98,458                                        |
| <b>TOTAL PUBLIC WORKS</b>               | <b><u>\$ 1,877,949</u></b> | <b><u>\$ 2,272,250</u></b> | <b><u>\$ 1,621,971</u></b>                    |
| <b><u>CULTURE AND RECREATION:</u></b>   |                            |                            |                                               |
| <b><u>PARKS AND RECREATION:</u></b>     |                            |                            |                                               |
| Salaries                                | \$ 35,000                  | \$ 35,815                  | \$ 38,243                                     |
| FICA (SS)                               | 2,677                      | -                          | -                                             |
| Unemployment insurance                  | 1,800                      | -                          | -                                             |
| Workers compensation                    | 4,500                      | 4,869                      | 5,382                                         |
| Materials and supplies                  | 10,000                     | 9,147                      | 11,134                                        |
| Memorial day expenses                   | 19,000                     | 20,500                     | -                                             |
| Repairs                                 | 25,000                     | 45,066                     | 35,686                                        |
| Property and liability                  | 7,000                      | -                          | 6,798                                         |
| <b>TOTAL PARKS AND RECREATION</b>       | <b><u>\$ 104,977</u></b>   | <b><u>\$ 115,397</u></b>   | <b><u>\$ 97,242</u></b>                       |
| <b><u>SHADE TREES:</u></b>              |                            |                            |                                               |
| Tree trimming and removal               | \$ 65,000                  | \$ 61,908                  | \$ 56,658                                     |
| Tree maintenance and spraying           | 10,000                     | 20,946                     | 8,627                                         |
| Sidewalk repair                         | 10,000                     | 2,045                      | 10,222                                        |
| Plantings                               | 15,000                     | 12,440                     | 11,618                                        |
| <b>TOTAL SHADE TREES</b>                | <b><u>\$ 100,000</u></b>   | <b><u>\$ 97,340</u></b>    | <b><u>\$ 87,125</u></b>                       |
| <b>TOTAL CULTURE AND RECREATION</b>     | <b><u>\$ 204,977</u></b>   | <b><u>\$ 212,736</u></b>   | <b><u>\$ 184,367</u></b>                      |

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                    | <u>BUDGET</u>              | <u>ACTUAL</u>              | <u>(MEMORANDUM ONLY)</u><br><u>PRIOR YEAR</u> |
|----------------------------------------------------|----------------------------|----------------------------|-----------------------------------------------|
| <b><u>DEBT SERVICE:</u></b>                        |                            |                            |                                               |
| Debt principal                                     | \$ 110,951                 | \$ 82,597                  | \$ 14,475                                     |
| Debt interest                                      | -                          | 28,006                     | 3,959                                         |
| <b>TOTAL DEBT SERVICE</b>                          | <b><u>\$ 110,951</u></b>   | <b><u>\$ 110,603</u></b>   | <b><u>\$ 18,434</u></b>                       |
| <b><u>OTHER FINANCING USES:</u></b>                |                            |                            |                                               |
| Tax refund assessment                              | \$ 2,500                   | \$ 7,089                   | \$ 5,421                                      |
| Refund Prior Year Receipts                         | -                          | 186                        | -                                             |
| Transfer to Capital Reserves #4                    | 50,000                     | 4,617                      | 5,969                                         |
| Transfer to Capital Reserve #6                     | -                          | -                          | 90,000                                        |
| Transfer to Sinking Fund                           | 192,536                    | 176,550                    | 301,756                                       |
| Transfer to Real Estate Tax Refund Account         | -                          | -                          | 348,244                                       |
| <b>TOTAL OTHER FINANCING USES</b>                  | <b><u>\$ 245,036</u></b>   | <b><u>\$ 188,442</u></b>   | <b><u>\$ 751,390</u></b>                      |
| <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b> | <b><u>\$ 5,329,805</u></b> | <b><u>\$ 5,690,577</u></b> | <b><u>\$ 5,558,541</u></b>                    |

**BOROUGH OF SEWICKLEY  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2014**

|                                                | <u>HIGHWAY AID<br/>FUND</u> | <u>REAL ESTATE<br/>TAX REFUND<br/>FUND</u> | <u>SINKING<br/>FUND</u> | <u>TOTAL</u>            |
|------------------------------------------------|-----------------------------|--------------------------------------------|-------------------------|-------------------------|
| <b><u>ASSETS:</u></b>                          |                             |                                            |                         |                         |
| Cash and Cash Equivalents                      | \$ 28,704                   | \$ 2,731                                   | \$ 34,580               | \$ 66,015               |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 28,704</u></b>     | <b><u>\$ 2,731</u></b>                     | <b><u>\$ 34,580</u></b> | <b><u>\$ 66,015</u></b> |
| <br><b><u>LIABILITIES AND FUND EQUITY:</u></b> |                             |                                            |                         |                         |
| <b>LIABILITIES:</b>                            |                             |                                            |                         |                         |
| Due to Other Funds                             | \$ -                        | \$ -                                       | \$ -                    | \$ -                    |
| <b>TOTAL LIABILITIES</b>                       | <b><u>\$ -</u></b>          | <b><u>\$ -</u></b>                         | <b><u>\$ -</u></b>      | <b><u>\$ -</u></b>      |
| <b>FUND EQUITY:</b>                            |                             |                                            |                         |                         |
| Fund Balance                                   | \$ 28,704                   | \$ 2,731                                   | \$ 34,580               | \$ 66,015               |
| <b>TOTAL FUND BALANCES</b>                     | <b><u>\$ 28,704</u></b>     | <b><u>\$ 2,731</u></b>                     | <b><u>\$ 34,580</u></b> | <b><u>\$ 66,015</u></b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>     | <b><u>\$ 28,704</u></b>     | <b><u>\$ 2,731</u></b>                     | <b><u>\$ 34,580</u></b> | <b><u>\$ 66,015</u></b> |

**BOROUGH OF SEWICKLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                        | <u>HIGHWAY AID<br/>FUND</u> | <u>REAL ESTATE<br/>TAX REFUND<br/>FUND</u> | <u>SINKING FUND</u> | <u>TOTAL</u>      |
|--------------------------------------------------------|-----------------------------|--------------------------------------------|---------------------|-------------------|
| <b><u>REVENUES:</u></b>                                |                             |                                            |                     |                   |
| Intergovernmental                                      | \$ 88,206                   | \$ -                                       | \$ -                | \$ 88,206         |
| Interest                                               | 166                         | 7                                          | 493                 | 666               |
| <b>TOTAL REVENUES</b>                                  | <b>\$ 88,372</b>            | <b>\$ 7</b>                                | <b>\$ 493</b>       | <b>\$ 88,872</b>  |
| <b><u>OTHER FINANCING SOURCES:</u></b>                 |                             |                                            |                     |                   |
| Interfund Transfers                                    | \$ -                        | \$ -                                       | \$ 176,550          | \$ 176,550        |
| <b>TOTAL OTHER FINANCING SOURCES</b>                   | <b>\$ -</b>                 | <b>\$ -</b>                                | <b>\$ 176,550</b>   | <b>\$ 176,550</b> |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b>  | <b>\$ 88,372</b>            | <b>\$ 7</b>                                | <b>\$ 177,043</b>   | <b>\$ 265,422</b> |
| <b><u>EXPENDITURES:</u></b>                            |                             |                                            |                     |                   |
| Tax Refunds                                            | \$ -                        | \$ 107,622                                 | \$ -                | \$ 107,622        |
| Debt Service                                           | -                           | -                                          | 201,060             | 201,060           |
| <b>TOTAL EXPENDITURES</b>                              | <b>\$ -</b>                 | <b>\$ 107,622</b>                          | <b>\$ 201,060</b>   | <b>\$ 308,682</b> |
| <b><u>OTHER FINANCING USES:</u></b>                    |                             |                                            |                     |                   |
| Interfund Transfers                                    | \$ 74,745                   | \$ 110,000                                 | \$ 45,570           | \$ 230,315        |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ 74,745</b>            | <b>\$ 110,000</b>                          | <b>\$ 45,570</b>    | <b>\$ 230,315</b> |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 74,745</b>            | <b>\$ 217,622</b>                          | <b>\$ 246,630</b>   | <b>\$ 538,997</b> |
| EXCESS REVENUES OVER<br>(UNDER) EXPENDITURES           | \$ 13,627                   | \$ (217,615)                               | \$ (69,587)         | \$ (273,575)      |
| FUND BALANCE - January 1, 2014                         | 15,077                      | 220,346                                    | 104,167             | 339,590           |
| <b>FUND BALANCE December 31, 2014</b>                  | <b>\$ 28,704</b>            | <b>\$ 2,731</b>                            | <b>\$ 34,580</b>    | <b>\$ 66,015</b>  |

**BOROUGH OF SEWICKLEY  
 COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2014**

|                                                | <u>BUILDING<br/>FUND</u> | <u>FIRE<br/>FUND</u>     | <u>CAPITAL<br/>IMPROVEMENT<br/>FUND</u> | <u>TOTAL</u>             |
|------------------------------------------------|--------------------------|--------------------------|-----------------------------------------|--------------------------|
| <b><u>ASSETS:</u></b>                          |                          |                          |                                         |                          |
| Cash and Cash Equivalents                      | \$ 5,680                 | \$ 218,428               | \$ 189,705                              | \$ 413,813               |
| Due from Other Funds                           | -                        | 68,535                   | -                                       | 68,535                   |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 5,680</u></b>   | <b><u>\$ 286,963</u></b> | <b><u>\$ 189,705</u></b>                | <b><u>\$ 482,348</u></b> |
| <br><b><u>LIABILITIES AND FUND EQUITY:</u></b> |                          |                          |                                         |                          |
| <b>LIABILITIES:</b>                            |                          |                          |                                         |                          |
| Accounts Payable                               | \$ -                     | \$ -                     | \$ -                                    | \$ -                     |
| <b>TOTAL LIABILITIES</b>                       | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>                      | <b><u>\$ -</u></b>       |
| <b>FUND EQUITY:</b>                            |                          |                          |                                         |                          |
| Fund Balance                                   | \$ 5,680                 | \$ 286,963               | \$ 189,705                              | \$ 482,348               |
| <b>TOTAL FUND BALANCES</b>                     | <b><u>\$ 5,680</u></b>   | <b><u>\$ 286,963</u></b> | <b><u>\$ 189,705</u></b>                | <b><u>\$ 482,348</u></b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>     | <b><u>\$ 5,680</u></b>   | <b><u>\$ 286,963</u></b> | <b><u>\$ 189,705</u></b>                | <b><u>\$ 482,348</u></b> |

**BOROUGH OF SEWICKLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                        | <b><u>BUILDING<br/>FUND</u></b> | <b><u>FIRE<br/>FUND</u></b> | <b><u>CAPITAL<br/>IMPROVEMENT<br/>FUND</u></b> | <b><u>TOTAL</u></b> |
|--------------------------------------------------------|---------------------------------|-----------------------------|------------------------------------------------|---------------------|
| <b><u>REVENUES:</u></b>                                |                                 |                             |                                                |                     |
| Interest                                               | \$ 16                           | \$ 474                      | \$ 530                                         | \$ 1,020            |
| Contributions and Donations                            | -                               | 35,000                      | -                                              | 35,000              |
| Charges for Services                                   | -                               | 19,000                      | -                                              | 19,000              |
| Miscellaneous                                          | 1,434                           | 6,200                       | 42,663                                         | 50,297              |
| <b>TOTAL REVENUES</b>                                  | <b>\$ 1,450</b>                 | <b>\$ 60,674</b>            | <b>\$ 43,193</b>                               | <b>\$ 105,317</b>   |
| <b><u>OTHER FINANCING SOURCES:</u></b>                 |                                 |                             |                                                |                     |
| Interfund Transfers                                    | \$ -                            | \$ 4,617                    | \$ 120,000                                     | \$ 124,617          |
| Sale of Borough Property                               | -                               | -                           | 346,500                                        | 346,500             |
| <b>TOTAL OTHER FINANCING SOURCES</b>                   | <b>\$ -</b>                     | <b>\$ 4,617</b>             | <b>\$ 466,500</b>                              | <b>\$ 471,117</b>   |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b>  | <b>\$ 1,450</b>                 | <b>\$ 65,291</b>            | <b>\$ 509,693</b>                              | <b>\$ 576,434</b>   |
| <b><u>EXPENDITURES:</u></b>                            |                                 |                             |                                                |                     |
| General Government                                     | \$ 1,835                        | \$ -                        | \$ 101,482                                     | \$ 103,317          |
| Public Safety                                          | -                               | 17,000                      | -                                              | 17,000              |
| Public Works                                           | -                               | -                           | 20,649                                         | 20,649              |
| Culture and Recreation                                 | -                               | -                           | 184,846                                        | 184,846             |
| Debt Service                                           | -                               | -                           | 47,000                                         | 47,000              |
| <b>TOTAL EXPENDITURES</b>                              | <b>\$ 1,835</b>                 | <b>\$ 17,000</b>            | <b>\$ 353,977</b>                              | <b>\$ 372,812</b>   |
| <b><u>OTHER FINANCING USES:</u></b>                    |                                 |                             |                                                |                     |
| Interfund Transfers                                    | \$ -                            | \$ -                        | \$ -                                           | \$ -                |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ -</b>                     | <b>\$ -</b>                 | <b>\$ -</b>                                    | <b>\$ -</b>         |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 1,835</b>                 | <b>\$ 17,000</b>            | <b>\$ 353,977</b>                              | <b>\$ 372,812</b>   |
| EXCESS REVENUES OVER<br>(UNDER) EXPENDITURES           | \$ (385)                        | \$ 48,291                   | \$ 155,716                                     | \$ 203,622          |
| FUND BALANCE - January 1, 2014                         | 6,065                           | 238,672                     | 33,989                                         | 278,726             |
| <b>FUND BALANCE - December 31, 2014</b>                | <b>\$ 5,680</b>                 | <b>\$ 286,963</b>           | <b>\$ 189,705</b>                              | <b>\$ 482,348</b>   |

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BOROUGH OF SEWICKLEY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLANS**  
**DECEMBER 31, 2014**

**SCHEDULES OF FUNDING PROGRESS:**

**POLICE PENSION PLAN:**

|                                | (A)                             | (B)                               | (B-A)<br>(UAAL)<br>UNFUNDED       | (A/B)           | (C)                | (B-A)/C                                 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------|--------------------|-----------------------------------------|
| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | ACTUARIAL<br>ACCRUED<br>LIABILITY | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>% OF<br>COVERED<br>PAYROLL |
| 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%                                   |
| 1/1/2011                       | 3,270,706                       | 3,667,830                         | 397,124                           | 89%             | 748,750            | 53.0%                                   |
| 1/1/2013                       | 3,647,222                       | 4,350,850                         | 703,628                           | 84%             | 730,196            | 96.4%                                   |

**NON-UNIFORMED PENSION PLAN:**

|                                | (A)                             | (B)                               | (B-A)<br>(UAAL)<br>UNFUNDED       | (A/B)           | (C)                | (B-A)/C                                 |
|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------|--------------------|-----------------------------------------|
| ACTUARIAL<br>VALUATION<br>DATE | ACTUARIAL<br>VALUE OF<br>ASSETS | ACTUARIAL<br>ACCRUED<br>LIABILITY | ACTUARIAL<br>ACCRUED<br>LIABILITY | FUNDED<br>RATIO | COVERED<br>PAYROLL | UAAL AS A<br>% OF<br>COVERED<br>PAYROLL |
| 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%                                   |
| 1/1/2011                       | 2,276,947                       | 2,994,762                         | 717,815                           | 76%             | 881,052            | 81.5%                                   |
| 1/1/2013                       | 2,627,830                       | 3,487,080                         | 859,250                           | 75%             | 977,051            | 87.9%                                   |

**SCHEDULES OF EMPLOYER'S CONTRIBUTIONS:**

| YEAR ENDED<br>DECEMBER 31 | POLICE                      |                           | NON-UNIFORM                 |                           |
|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                           | ANNUAL REQ.<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED | ANNUAL REQ.<br>CONTRIBUTION | PERCENTAGE<br>CONTRIBUTED |
| 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%                      |
| 2011                      | 114,711                     | 100%                      | 192,086                     | 100%                      |
| 2012                      | 109,973                     | 89%                       | 194,346                     | 100%                      |
| 2013                      | 166,979                     | 109%                      | 253,377                     | 100%                      |
| 2014                      | 163,494                     | 100%                      | 251,073                     | 100%                      |

**BOROUGH OF SEWICKLEY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2014**

**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, 2013. 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