

## **Borough of Plum**

Primary Government Financial Statements and  
Required Supplementary and  
Supplementary Information

Year Ended December 31, 2013 with  
Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

Pursuing the profession while promoting the public good®  
[www.md-cpas.com](http://www.md-cpas.com)

# **BOROUGH OF PLUM**

YEAR ENDED DECEMBER 31, 2013

## TABLE OF CONTENTS

### **Independent Auditor's Report**

**Management's Discussion and Analysis** i

### **Primary Government Financial Statements:**

#### Government-Wide Financial Statements:

Statement of Net Position 1

Statement of Activities 2

#### Fund Financial Statements:

Balance Sheet – Governmental Funds 3

Statement of Revenues, Expenditures, and Changes in  
Fund Balance – Governmental Funds 4

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balance of the  
Governmental Funds to the Statement of Activities 5

Combined Statement of Plan Net Position – Fiduciary  
Funds 6

Combined Statement of Changes in Plan Net Position –  
Fiduciary Funds 7

Notes to Primary Government Financial Statements 8

### **Required Supplementary Information:**

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual – General Fund 36

# BOROUGH OF PLUM

YEAR ENDED DECEMBER 31, 2013

## TABLE OF CONTENTS

(Continued)

Schedule of Funding Progress – Police Pension Plan	37
Schedule of Contributions from Employer and Other Contributing Entities – Police Pension Plan	38
Schedule of Funding Progress – OPEB Plan	39
Notes to Supplementary Schedules	40
 <b>Supplementary Information:</b>	
Combining Balance Sheet – Other Governmental Funds	42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds	43
Combining Statement of Plan Net Position – Pension Trust Funds	44
Combining Statement of Changes in Plan Net Position – Pension Trust Funds	45
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	46

## Independent Auditor's Report

Members of Council  
Borough of Plum

We have audited the accompanying primary government financial statements (financial statements) of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Plum (Borough), Pennsylvania, as of and for the year ended December 31, 2013, 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**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion on Discretely Presented Component Unit**

The financial statements do not include financial data for the Borough's legally separate component unit (Plum Borough Municipal Authority). Accounting principles generally accepted in the United States of America require financial data for this component unit to be reported with the financial data for the Borough's primary government unless the Borough also issues financial statements for the financial

reporting entity that include the financial data for its component units. The Borough has not issued such reporting entity financial statements.

### **Adverse Opinion on Discretely Presented Component Unit**

In our opinion, because of the significance of the matter described in "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Borough as of December 31, 2013, or the changes in financial position thereof for the year then ended.

### **Unmodified Opinions**

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages i through vi, page 36, and pages 37 through 41, respectively, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic government financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures

Members of Council  
Borough of Plum  
Independent Auditor's Report  
Page Three

in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
May 29, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Borough of Plum (Borough), we offer readers of the Borough's primary government financial statements (financial statements) this narrative overview and analysis of the financial performance of the Borough for the fiscal year ended December 31, 2013. Please read this Management's Discussion and Analysis in conjunction with the financial statements which follow in order to obtain a thorough understanding of the Borough's financial condition at December 31, 2013.

### FINANCIAL HIGHLIGHTS

- In 2013, the Borough adopted the "*The Financial Reporting Entity*" in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 61. It also adopted the "*Items Previously Reported as Assets and Liabilities*" under GASB statement No. 65.
- The Borough's net position, which are total assets minus total liabilities, as presented, were \$3,161,608 at December 31, 2013, an increase of \$396,437.
- At the end of the current fiscal year, the Borough had total bonds and loans outstanding of \$16,206,249. The total bonds and loans increased by \$4,546,760 during the current year.
- The General Fund reported a negative net change in fund balance of approximately (\$20,000), and is predominantly due to overall expenditures slightly exceeding revenues.
- The total fund balance in the Borough's General Fund at December 31, 2013 was \$1,909,509. Fund balances in funds other than the General Fund totaled \$5,866,665 at December 31, 2013.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This overview is intended to serve as an introduction to the Borough's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the primary government financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** - The two *government-wide financial statements* are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business. These statements report on the Borough's total net position and how they have changed.

The *statement of net position* presents information on all of the Borough's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements indicate that the functions of the Borough are principally supported by taxes and intergovernmental revenue (*governmental activities*.) The Borough does not

participate in functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Borough encompass general government, public safety, public works, culture and recreation, and debt service activities.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Borough reports only governmental funds and fiduciary funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Borough maintained seven governmental funds during 2013. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, and the 2010 and 2013 Bond Funds are the only major funds in 2013. Consolidated information for other than the General Fund, and the 2013 Bond Fund is presented within the Other Governmental Funds category in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The reason for not reporting other funds separately is that they are not considered to be major funds in 2013. The four other governmental funds are the Street Improvement Fund, the Fire Protection Fund, the State Fund, and the Debt Service Fund. Data from these other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Borough adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

**Fiduciary Funds** - *Fiduciary funds* are used to account for assets held in a trustee capacity. The Borough's fiduciary funds consist of one Agency Fund and two Pension Trust Funds: the Police Pension Fund and the Administrative Pension Fund.

Fiduciary funds are reported on the accrual basis of accounting whereas revenues are recorded when earned and expenses are recorded when a liability is incurred.

The fiduciary fund financial statement can be found on pages 6 and 7 of this report.

**Notes to Primary Government Financial Statements** - The notes provide additional information that is

essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to primary government financial statements can be found on pages 8 through 35 of this report.

**Required Supplementary Information** - This section of the report contains certain budgetary comparison and pension information required by accounting principles generally accepted in the United States of America. This information can be found on pages 36 through 41 of this report.

**Additional Information** - In addition to the basic financial statements and accompanying notes, this report also includes the combining statements referred to earlier in connection with the other governmental funds and fiduciary funds. These can be found on pages 42 and 46 of this report.

### FINANCIAL ANALYSIS OF THE BOROUGH

As noted earlier, net position may serve over time as a useful indicator of a government agency's financial position. Net position increase when revenues exceed expenses. In the case of the Borough, assets exceeded liabilities by \$3,161,608 at the close of the fiscal year.

A condensed summary of the Borough's net assets at December 31, 2013 and 2012 is as follows.

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
<b>Assets:</b>			
Current and other assets*	\$ 10,336,080	\$ 11,481,146	\$ (1,145,066)
Capital assets, net	13,484,493	7,176,788	6,307,705
<b>Total Assets</b>	<u>\$ 23,820,573</u>	<u>\$ 18,657,934</u>	<u>\$ 5,162,639</u>
<b>Liabilities:</b>			
Current and other liabilities	\$ 4,048,313	\$ 3,855,728	\$ 192,585
Non-current liabilities	16,610,652	12,037,035	4,573,617
<b>Total Liabilities</b>	<u>\$ 20,658,965</u>	<u>\$ 15,892,763</u>	<u>\$ 4,766,202</u>
<b>Net Position:</b>			
Net investment in capital assets	\$ 1,255,590	\$ 1,379,923	\$ (124,333)
Restricted	1,347,703	1,154,565	193,138
Unrestricted*	558,315	230,683	327,632
<b>Total Net Position</b>	<u>\$ 3,161,608</u>	<u>\$ 2,765,171</u>	<u>\$ 396,437</u>

\*Amounts presented for 2012 have been restated to remove bond issue costs based on the implementation of GASB 65

The decrease in current and other assets is largely due to a reduction in the Series 2010 bond accounts. This is due to bond draw downs connected with the construction of a public works facility.

The increase in capital assets is mainly due to construction associated with a public works facility, and the purchase of equipment net of current year depreciation expense.

The Borough has non-current liabilities or long-term obligations that include term loans and bond issuances. The net change in non-current liabilities was due primarily to the issuance of the 2013 bonds.

The total net position of the Borough's activities increased from a restated amount of \$2,765,171 in 2012, to \$3,161,608 in 2013. The increase in net position was mainly due to an increase in unrestricted fund balance.

Restricted net position, the part of net position that includes amounts for which constraints on the use of resources are either, (a) externally imposed by creditors, or (b) imposed by law through constitutional provisions or enabling legislation, increased by \$193,138.

GASB Statement No. 65 reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. For this reporting year, bond issuance costs are now reported as current period costs rather than deferred and amortized. As a result of this change, net position as of December 31, 2012 was reduced by \$267,355, to remove bond issue costs that were previously considered assets.

A condensed summary of the Borough's change in net position for the fiscal year ended December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Program revenues:			
Charges for services	\$ 2,072,808	\$ 2,058,240	\$ 14,568
Operating grants and contributions	1,172,737	1,229,629	(56,892)
Capital grant contributions	561,628	74,900	486,728
General revenues:			
Real estate taxes	5,404,221	5,389,665	14,556
Earned income taxes	3,634,910	3,259,333	375,577
Local services taxes	329,941	351,492	(21,551)
Other taxes	848,566	756,456	92,110
Franchise fees	541,398	509,066	32,332
Interest income	7,819	6,951	868
Miscellaneous	71,936	136,002	(64,066)
Total revenues	<u>14,645,964</u>	<u>13,771,734</u>	<u>874,230</u>
Program expenses:			
General government	1,826,838	1,582,906	243,932
Public safety	6,121,709	5,429,713	691,996
Public works	5,360,590	5,086,019	274,571
Culture and recreation	448,428	251,552	196,876
Interest on long-term debt	491,962	517,234 *	(25,272)
Total expenses	<u>14,249,527</u>	<u>12,867,424</u>	<u>1,382,103</u>
<b>Change in net assets</b>	<b>396,437</b>	<b>904,310</b>	<b>(507,873)</b>
Net position-beginning*	<u>2,765,171</u>	<u>1,860,861</u>	<u>(507,873)</u>
Net position-ending*	<u>\$ 3,161,608</u>	<u>\$ 2,765,171</u>	<u>\$ 396,437</u>

\*Amounts presented for 2012 have been restated to remove bond issue costs based on the implementation of GASB 65

Total government-wide revenues of \$14,645,964 were largely derived from property tax collections, earned income collections, and other tax receipts. Total revenues increased in 2013 by \$874,230 when compared to 2012. Of this amount, \$375,577 pertained to local earned income tax collections.

Total program expenses in 2013 were \$14,249,527 which is \$1,382,103 more than the previous year. The largest portion of this increase in expenditures was in the area of public safety.

## FINANCIAL ANALYSIS OF THE BOROUGH'S FUNDS

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the Borough's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Borough's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government agency's net resources available for spending at the end of the fiscal year.

As of the end of 2013, the Borough's governmental funds reported combined ending fund balances of \$7,776,174. Approximately 71% of this total amount or \$5,531,665 constitutes *restricted fund balance*. The remainder of the fund balance is unassigned or is the residual classification for the Borough's General Fund and contains all spendable amounts not contained in other classifications of fund balance.

The General Fund is the principal operating fund of the Borough. At the end of the current fiscal year, the *unassigned fund balance* of the General Fund was \$1,254,975, or approximately 11% of the 2013 adopted expenditure budget. The Borough has established a minimum Unassigned Fund Balance of 5% of the Borough's General Fund annual operating expenditures. In an event that the balance drops below the established minimum level, the Borough's governing body will develop a plan to replenish the fund balance to the established minimum level within two years.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues were 107.8% of budget or above budgetary estimates by \$859,525; expenditures were over budgetary estimates by \$126,575 (considering the impact of initial year capital lease transactions). The net change in fund balance had a positive variance of \$543,727, and was directly related to increases in real estate and earned income tax revenues.

## CAPITAL ASSETS

Capital assets are reported in the government-wide statements of net assets, but not reported in the fund financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. A summary of the current year changes in capital assets can be found in Note 7 of the Notes to Primary Government Financial Statements.

## DEBT ADMINISTRATION

**Long-Term Debt** - At the end of the current fiscal year, the Borough had total outstanding debt that included issuances of Series 2010A, 2010B and 2013 Bonds, and Fire Fund loans in the amount of \$16,206,249 (not inclusive of capital leases and compensated absences). The total bonds and loans increased by a net of \$4,546,760 or 39.0% during the current fiscal year.

A summary of the Borough's debt activity in 2013 follows:

Beginning balance, January 1, 2013	\$ 11,659,489
Additions	5,040,000
Issuance Discount	(119,704)
Discount Amortization	11,091
Repayments	<u>(384,627)</u>
Ending balance, December 31, 2013	<u>\$ 16,206,249</u>

More detailed information about the Borough's debt activity can be found in Note 4 to the financial statements.

### **2014 BUDGET HIGHLIGHTS**

The 2014 General Fund budget continues to emphasize cost containment. Several highlights include:

- The 2014 General Fund budgeted revenues are anticipated to be 7.1% higher than the 2013 budgeted figures. This increase is predominantly due to an increase in real estate and earned income tax collections.
- The 2014 budget does not include any Real Estate Property Tax increase.
- The 2014 General Fund budgeted expenditures were adopted at \$11.8 million or an increase of 0.4% when compared to 2013.
- The budget includes funds to maintain current levels of Police and Public Works services, infrastructure maintenance, and capital equipment purchases.

### **CONTACTING THE BOROUGH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, 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 questions about this report or need additional financial information, please contact:

Borough Manager  
 Borough of Plum  
 4575 New Texas Road  
 Plum, PA 15239

# BOROUGH OF PLUM

## STATEMENT OF NET POSITION

DECEMBER 31, 2013

<b>Assets</b>	
Cash and cash equivalents	\$ 6,775,932
Cash held for escrow deposits	293,190
Receivables, net	2,911,328
Prepays	265,926
Net pension asset	89,704
Capital assets, net of accumulated depreciation:	
Construction in progress	194,785
Land	388,660
Infrastructure	1,365,449
Buildings and building improvements	10,126,818
Improvements other than buildings	174,896
Machinery and equipment	1,233,885
Total capital assets, net of accumulated depreciation	<u>13,484,493</u>
<b>Total Assets</b>	<u><u>23,820,573</u></u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	924,794
Escrow liability	293,187
Long-term liabilities due within one year:	
Net other post-employment benefits liability	2,111,411
Capital leases payable	204,339
Bonds and loans	455,642
Accrued interest	58,940
Long-term liabilities due in more than one year:	
Capital leases payable	378,989
Bonds and loans	15,750,607
Compensated absences	481,056
<b>Total Liabilities</b>	<u><u>20,658,965</u></u>
<b>Net Position</b>	
Net investment in capital assets	1,255,590
Restricted for:	
Liquid Fuels Tax projects	205,419
Fire protection	206,514
Street improvements	630,082
Debt service	305,688
Unrestricted	558,315
<b>Total Net Position</b>	<u><u>\$ 3,161,608</u></u>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<u>Net (Expense) Revenue and Change in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>					
General government	\$ 1,826,838	\$ 20,341	\$ -	\$ 74,250	\$ (1,732,247)
Public safety	6,121,709	341,228	516,098	486,269	(4,778,114)
Public works	5,360,590	1,697,200	656,639	1,109	(3,005,642)
Culture and recreation	448,428	14,039	-	-	(434,389)
Interest on long-term debt	491,962	-	-	-	(491,962)
<b>Total governmental activities</b>	<b>\$ 14,249,527</b>	<b>\$ 2,072,808</b>	<b>\$ 1,172,737</b>	<b>\$ 561,628</b>	<b>(10,442,354)</b>
General revenues:					
Taxes:					
Real estate					5,404,221
Earned income					3,634,910
Local services					329,941
Other					848,566
Franchise fees					541,398
Interest income					7,819
Miscellaneous income					71,936
Total general revenues					<u>10,838,791</u>
<b>Change in Net Position</b>					396,437
<b>Net Position:</b>					
Beginning of year, as restated					<u>2,765,171</u>
End of year					<u><u>\$ 3,161,608</u></u>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2013

Assets	General	2010 Bond Fund	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 902,774	\$ 90,231	\$ 4,800,000	\$ 982,927	\$ 6,775,932
Cash held for escrow deposits	293,190	-	-	-	293,190
Receivables:					
Taxes	1,592,275	-	-	271,980	1,864,255
Sanitation fees	460,974	-	-	-	460,974
Other	98,881	486,269	-	949	586,099
Prepays	254,534	-	-	11,392	265,926
Due from other funds	553,457	-	-	420,000	973,457
<b>Total Assets</b>	<b>\$ 4,156,085</b>	<b>\$ 576,500</b>	<b>\$ 4,800,000</b>	<b>\$ 1,687,248</b>	<b>\$ 11,219,833</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 385,975	\$ 416,447	\$ -	\$ 4,545	\$ 806,967
Accrued liabilities	117,827	-	-	-	117,827
Due to other funds	420,000	-	553,457	-	973,457
Escrow liability	293,187	-	-	-	293,187
<b>Total Liabilities</b>	<b>1,216,989</b>	<b>416,447</b>	<b>553,457</b>	<b>4,545</b>	<b>2,191,438</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	1,029,587	-	-	222,634	1,252,221
<b>Fund Balance:</b>					
Nonspendable - prepaids	254,534	-	-	-	254,534
Restricted for:					
Liquid Fuels Tax projects	-	-	-	205,419	205,419
Fire protection	-	-	-	154,387	154,387
Debt service	-	-	-	236,073	236,073
Street improvements	-	-	-	529,190	529,190
Capital projects	-	160,053	4,246,543	-	4,406,596
Assigned for:					
Compensated absences	50,000	-	-	-	50,000
Road paving	250,000	-	-	-	250,000
Weather related emergencies	100,000	-	-	-	100,000
Capital projects	-	-	-	335,000	335,000
Unassigned	1,254,975	-	-	-	1,254,975
<b>Total Fund Balance</b>	<b>1,909,509</b>	<b>160,053</b>	<b>4,246,543</b>	<b>1,460,069</b>	<b>7,776,174</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund balance</b>	<b>\$ 4,156,085</b>	<b>\$ 576,500</b>	<b>\$ 4,800,000</b>	<b>\$ 1,687,248</b>	<b>\$ 11,219,833</b>
<b>Total Fund Balance - Governmental Funds</b>					<b>\$ 7,776,174</b>
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.					13,484,493
Real estate taxes receivable, earned income taxes receivable, and sanitation receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable in the funds.					1,252,221
The net pension and other post-employment benefits asset (liability) is not reflected on the fund statements.					(2,021,707)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund.					(17,329,573)
<b>Total Net Position of Governmental Activities</b>					<b>\$ 3,161,608</b>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2013

	General	2010 Bond Fund	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 8,705,240	\$ -	\$ -	\$ 1,715,008	\$ 10,420,248
Licenses and permits	713,241	-	-	-	713,241
Fines and forfeits	59,089	-	-	-	59,089
Interest, rent, and royalties	7,313	361	-	149	7,823
Intergovernmental	666,757	486,269	-	714,471	1,867,497
Charges for services	1,702,026	-	-	1,696	1,703,722
Miscellaneous	64,436	-	-	-	64,436
Total revenues	<u>11,918,102</u>	<u>486,630</u>	<u>-</u>	<u>2,431,324</u>	<u>14,836,056</u>
<b>Expenditures:</b>					
Current:					
General government	1,652,615	-	-	-	1,652,615
Public safety	5,003,048	-	-	462,966	5,466,014
Public works	4,367,592	-	-	535,824	4,903,416
Culture and recreation	400,439	-	-	-	400,439
Capital outlay	-	5,954,985	553,457	547,313	7,055,755
Debt service:					
Principal	318,207	-	-	384,627	702,834
Issuance costs	-	-	120,296	-	120,296
Interest	6,948	-	-	464,787	471,735
Total expenditures	<u>11,748,849</u>	<u>5,954,985</u>	<u>673,753</u>	<u>2,395,517</u>	<u>20,773,104</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>169,253</u>	<u>(5,468,355)</u>	<u>(673,753)</u>	<u>35,807</u>	<u>(5,937,048)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from capital lease	355,777	-	-	-	355,777
Proceeds from bonds payable	-	-	5,040,000	-	5,040,000
Bond issuance discount	-	-	(119,704)	-	(119,704)
Transfers in	-	-	-	545,000	545,000
Transfers out	(545,000)	-	-	-	(545,000)
Total other financing sources (uses)	<u>(189,223)</u>	<u>-</u>	<u>4,920,296</u>	<u>545,000</u>	<u>5,276,073</u>
<b>Net Change in Fund Balance</b>	<u>(19,970)</u>	<u>(5,468,355)</u>	<u>4,246,543</u>	<u>580,807</u>	<u>(660,975)</u>
<b>Fund Balance:</b>					
Beginning of year	<u>1,929,479</u>	<u>5,628,408</u>	<u>-</u>	<u>879,262</u>	<u>8,437,149</u>
End of year	<u>\$ 1,909,509</u>	<u>\$ 160,053</u>	<u>\$ 4,246,543</u>	<u>\$ 1,460,069</u>	<u>\$ 7,776,174</u>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

**Net Change in Fund Balance - Governmental Funds** \$ (660,975)

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

Governmental funds report general government, public safety, public works, and culture and recreation expenditures for capital assets as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Public safety expenditures for capital assets	\$ 209,906	
General Government expenditures for capital assets	59,082	
Public Works expenditures for capital assets	379,392	
Capital outlay for capital assets	6,117,890	
Less: depreciation expense	<u>(458,565)</u>	6,307,705

Current year long-term debt proceeds reported as other financing sources in the governmental fund financial statements are shown as increases in the long-term debt liability in the government-wide financial statements. (5,395,777)

Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in the debt in the government-wide financial statements. 702,834

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues, excluding those from grants, decreased by this amount during the year. (190,092)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due. Accrued interest increased by this amount during the year. (9,136)

The governmental fund financial statements report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the current year amortization of these long-term debt related costs. 108,613

Some expenses (i.e., changes in compensated absences and pension and OPEB liabilities) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (466,735)

**Change in Net Position of Governmental Activities** \$ 396,437

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## COMBINED STATEMENT OF PLAN NET POSITION FIDUCIARY FUNDS

DECEMBER 31, 2013

	Pension Trust Funds	Agency Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 674,341	\$ 5,109
Investments at fair value:		
Mutual funds - equity	961,335	-
Mutual funds - bond	2,425,534	-
Common stock	4,736,579	-
Guaranteed interest accounts	281,612	-
Real estate	3,944	-
<b>Total Assets</b>	<u>9,083,345</u>	<u>5,109</u>
<u>Liabilities</u>		
Due to Coal Miners' Memorial Committee	-	5,109
<b>Net Position Held in Trust</b>	<u>\$ 9,083,345</u>	<u>\$ -</u>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## COMBINED STATEMENT OF CHANGES IN PLAN NET POSITION FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Pension Trust Funds
<b>Additions:</b>	
<hr/>	
Contributions:	
Employer, including state aid	\$ 569,607
Employee	121,573
	<hr/>
Total contributions	691,180
	<hr/>
Investment income:	
Net appreciation in fair value of investments	1,259,727
Interest and dividends	113,668
	<hr/>
Total investment income	1,373,395
	<hr/>
Total additions	2,064,575
	<hr/>
<b>Deductions:</b>	
<hr/>	
Benefits	752,192
Administrative expense	54,360
	<hr/>
Total deductions	806,552
	<hr/>
<b>Change in Plan Net Position</b>	1,258,023
	<hr/>
<b>Plan Net Position Held in Trust for Pension Benefits:</b>	
<hr/>	
Beginning of year	7,825,322
	<hr/>
End of year	\$ 9,083,345
	<hr/> <hr/>

See accompanying notes to primary government financial statements.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### 1. REPORTING ENTITY

The Borough of Plum (Borough) operates under the Pennsylvania Borough Code, with an elected Mayor and seven elected Council members. The Borough covers approximately 29 square miles in southwestern Pennsylvania and has a population of approximately 25,000 residents. The Borough provides services in many areas to its residents, including various general government services, public safety, highway maintenance, and recreation.

The primary government financial statements (financial statements) include only the financial activity of the Borough and do not include the Plum Borough Municipal Authority (Authority), which is considered a component unit in accordance with accounting principles generally accepted in the United States of America applied to governmental entities. The Borough is considered to be financially accountable for the Authority because Council appoints the Authority's governing Board and guarantees a portion of the Authority's debt (Note 5). Separate financial statements for the Authority are available from its offices.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Borough. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Property taxes, earned income taxes, franchise taxes, sanitation fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

### *Fund Accounting*

The Borough uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Borough only uses governmental funds and fiduciary funds.

### *Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they will be paid. The difference between the governmental fund assets and liabilities is reported as fund balance.

The Borough reports the following major governmental funds:

The *General Fund* is the Borough's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

---

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

The *2010 Bond Fund* is used to account for the proceeds of the 2010 General Obligation Bonds. The proceeds will be used for various capital projects including construction of a new storm water projects.

The *2013 Bond Fund* is used to account for the proceeds of the 2013 General Obligation Bonds. The proceeds will be used for a new fire truck and EMS Building.

Additionally, the Borough reports the following other governmental funds:

The *Fire Protection Fund* accounts for 0.273 mills of the property tax levy used to support fire services in the community and includes an annual contribution to the fire departments, training, fuel, and financing of capital improvements, such as apparatus and communications.

The *Street Improvement Fund* accounts for 0.527 mills of the property tax levy used to fund major street and road improvements, including the annual paving program and road reconstruction.

The *State Fund* accounts for state aid revenues (liquid fuels taxes) received from the Pennsylvania Department of Transportation for building, improving, lighting, and maintaining roads and bridges within the Borough.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Borough uses the Debt Service Fund for payment of principal and interest on the Borough's General Obligation Bonds. The Council has designated 0.364 mills of the property tax levy for debt service expenditures.

The *Capital Improvements Fund* was created in 2013 to account for capital projects in the community.

### *Fiduciary Funds*

Fiduciary funds are used to account for assets held in a trustee capacity. The Borough reports the following fiduciary funds:

The *Pension Trust Funds* are used to account for public employee retirement systems.

- The Police Pension Fund accounts for assets of the Borough police officers' retirement pension plan.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

- The Administrative Pension Fund accounts for assets of the Borough administrative employees' retirement pension plan.

The *Agency Fund* is used to account for assets held by the Borough in a trustee capacity for the Coal Miners' Memorial Committee.

### Deposits and Investments

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value based on quoted market prices, where available.

### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All tax receivables are shown net of an allowance for uncollectibles.

### Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The Borough has elected to account for general infrastructure assets (roads, bridges, sidewalks, and similar items) prospectively from the implementation of GASB Statement No. 34 (calendar year 2004 for the Borough). The Borough reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

Major outlays for capital assets and improvements are capitalized as projects are constructed; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets:

Buildings and building improvements	20-30 years
Improvements other than buildings	7-20 years
Machinery and equipment	4-10 years
System infrastructure	30 years

### Compensated Absences

Compensatory time is an employment benefit entitling police officers to accrue up to 240 hours of compensatory time in lieu of overtime pay. The unfunded obligation associated with compensatory time is payable either in a lump sum upon an officer's retirement, termination, or incrementally if taken as additional time off during the year. Sick leave is an employment benefit entitling employees to accrue unused sick leave. Accrued sick leave is payable in a lump sum at a designated rate, according to department, upon retirement, or termination. Police officers hired prior to January 1, 2011 may accrue up to 100 days of unused sick leave. If, as of December 31 of a given year, a police officer's accumulation is above 100 days, the Borough shall purchase the excess days at a rate of 75 percent of their current rate of pay. Officers hired on or after January 1, 2011 may accrue up to 100 sick leave days and all accrued sick-leave days above 100 days shall expire. All accrued sick-leave days for this group shall expire upon retirement, termination, or a police officer's death. Members of the Teamsters Union may accrue up to 60 sick days and all employees receive six sick leave days a year. These amounts will be paid as employees utilize sick leave and compensatory time benefits or as employees retire or terminate employment with the Borough. Vacation leave is payable in a lump sum at the employees' current rate of pay at the time the employee retires or terminates employment with the Borough. Vacation leave cannot be carried forward and must be used in the year following the year the vacation leave was earned.

A liability for compensated absences is determined by the payments which would be available to employees if they would leave or retire from the Borough. These amounts are reflected as long-term liabilities in the government-wide statements unless retirements are likely within the upcoming fiscal year. Costs associated with retirements in the immediate succeeding year are reflected as current liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts related to outstanding debt issued prior to January 1, 2004 were expensed at the time of issuance.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period costs in both the government-wide and fund financial statements.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures and inventory.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for specific expenditure under agreement with grantors. At December 31, 2013, the Borough had restrictions through grant agreements, government ordinance, and debt covenants.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by elected council by budget ordinance. Such a commitment is made via a Council resolution and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Council resolution. As of December 31, 2013, the Borough had no committed funds.
- Assigned – This category represents intentions of the Borough to use the funds for specific purposes. The authority to make assignments of fund balance may be made by the Borough Manager or Borough Council and remains in place until released. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. The authority granted to the Borough Manager to make assignments became effective upon adoption of this policy in 2011 by Borough

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

Council and remains in effect until rescinded by resolution of Borough Council. Assigned fund balances as of December 31, 2013 are described in the governmental fund balance sheet.

- Unassigned – This category includes the residual classification for the Borough’s General Fund and includes all spendable amounts not contained in other classifications.

The Borough’s policy is to use funds in the order of the most restricted to the least restrictive. The Borough’s fund balance provides for a minimum Unassigned Fund balance of 5% of the Borough’s General Fund annual operating expenditures.

### Classification of Net Position

Accounting standards requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined 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 any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted – This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities related to those assets.
- Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets.”

### Adoption of Accounting Pronouncements

The requirements of the following Governmental Accounting Standards Board Statements were adopted for the Borough’s 2013 financial statements:

GASB Statement No. 61, *“The Financial Reporting Entity.”* The objective of this Statement is to have financial reporting entity financial statements be more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities.”* This Statement reclassifies certain items that were reported as assets and liabilities as

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

deferred outflows of resources and deferred inflows of resources. Taxes and sanitation fees not collected within the availability period, previously reported as liabilities, are now reported as deferred inflows of resources – unavailable revenues on the governmental fund's balance sheet.

Additionally, bond issuance costs are now reported as current period costs rather than deferred and amortized. As a result of this change, net position as of December 31, 2012 was reduced by \$267,355, to remove bond issue costs that were previously considered assets.

### Budgets and Budgetary Accounting

In accordance with the Borough Code, beginning at least thirty days prior to the adoption of the budget, which shall not be later than December 31, a proposed budget for the ensuing year shall be prepared in a manner designated by the Council. The proposed budget shall be kept on file with the Borough secretary/treasurer and made available for public inspection for a period of ten days. Notice that the proposed budget is available for public inspection is published by the Borough secretary/treasurer in a newspaper of general circulation. After the expiration of the said ten days, Council shall make such revisions in the budget as shall be deemed advisable, and shall adopt the budget by motion. Details of the budget at the account level of control are kept in the Borough office and are available for public inspection.

For 2013, the Borough budgeted its General Fund, Fire Protection Fund, Street Improvement Fund, Debt Service Fund, and Liquid Fuels Fund. The 2010 Bond Fund and 2013 Bond Fund were not budgeted.

Within the General Fund, Council approves all account line item budget overruns, and will approve transfers if necessary between departments. Therefore, although the legal level of control is by line item expenditure, budget transfers will only be executed if an entire department would exceed budget.

### Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ than those estimates.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Pending Pronouncements

GASB has issued the following statements which will become effective in future years as shown below. Management has not yet determined the impact of these statements on the Borough's financial statements.

GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans*," effective for financial statements for periods beginning after June 15, 2013, and has also issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014. These Statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The effect of implementation of these Statements has not yet been determined.

GASB has issued Statement No. 70, "*Accounting and Financial Reporting for Non-exchange Financial Guarantees*," effective for financial statements for periods beginning after June 15, 2013 (the Borough's financial statements for the year ending December 31, 2014). This Statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The effect of implementation of this Statement has not yet been determined.

### **3. CASH AND INVESTMENTS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of funds for investment purposes.

The deposit and investment policy of the Borough adheres to state statutes. Deposits of the Borough's governmental funds are maintained in interest-bearing demand deposits, governmental investment pools, or savings accounts.

Accounting principles require disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), and interest rate risk. The following is a description of the Borough's deposit and investment risks:

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Governmental Funds and Agency Fund

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy requires deposits to be held in institutions that are insured by one of the federal deposit insurance organizations and when the value of the Borough's deposits exceed the insurable limits, the additional sums must be secured by collateral pledged by the depository.

As of December 31, 2013, \$1,667,164 of the Borough's bank balance of \$1,917,164 was exposed to custodial credit risk; which the uninsured balance is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits had carrying amounts of \$1,792,633 (governmental funds) and \$5,109 (Agency Fund) as of December 31, 2013.

As of December 31, 2013, the Borough had the following short-term investments in cash equivalents:

<u>Investments</u>	<u>Fair Value</u>
PLGIT	\$ 386,258
Money markets	4,890,231
Carrying amount - governmental deposits	<u>1,792,633</u>
Total cash and cash equivalents per governmental fund financial statements	<u>\$ 7,069,122</u>

The fair value of the Borough's investments is the same as their carrying amount. The Borough's investments are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Borough's investment in PLGIT (an external investment pool) is the same as the value of the pool shares. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

The following is a description of the Borough's investment risks:

*Credit Risk.* The Borough's investment policy limits its investment choices to only those with investment grade credit ratings by nationally recognized statistical rating organizations. As of December 31, 2013, the Borough's investments in PLGIT and Money Markets are rated AAA by Standard & Poor's.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the Borough's investments. The Borough's investment policy limits the average investment maturity of the investment portfolio to less than three years, with a maximum maturity in any one security of five years without prior Council approval. All of the Borough's investments are short-term with maturities of less than one year.

### Pension Trust Funds

The pension trust funds are used to account for assets held by the Borough in a trustee capacity for future payment of retirement benefits to employees or former employees.

As of December 31, 2013, the Borough had the following cash and investments in its pension trust funds:

Investment Type	Fair Market Value	Investment Maturities (In Years) from December 31		
		Less than 1 Year	1-5 Years	6-10 Years
Guaranteed interest accounts	\$ 281,612	\$ 52,350	\$ 229,262	\$ -
Bond mutual funds	2,425,534	-	-	2,425,534
Total securities with maturities	2,707,146	\$ 52,350	\$ 229,262	\$ 2,425,534
Money market funds	674,341			
Equity mutual funds	961,335			
Common stock	4,736,579			
Real estate	3,944			
Total cash equivalents and other investments	6,376,199			
Total cash, cash equivalents, and other investments reported on the combined statement of fiduciary net position	\$ 9,083,345			

The pension trust funds' investments in money markets, mutual funds, and guaranteed interest accounts are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. Investments in common stock are not subject to the disclosure requirements of GASB Statement No. 40.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

The following is a description of the pension trust funds' investment risks:

*Credit risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The pension trust funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2013, the pension trust funds' investments in guaranteed interest accounts were rated A+ and A1 by Standard & Poor's and Moody's, respectively, and \$621,992 of the money market funds were rated AAAM and Aaa by Standard & Poor's and Moody's. The remaining mutual fund and money market investments were not rated by nationally recognized statistical rating organizations.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the pension trust funds' investments. The pension trust funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Financial instruments potentially expose the pension trust funds to various risks such as concentrations of credit risk and market risks. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term and that such change could materially affect the amount reported on the combined statement of fiduciary net position.

#### 4. LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2013 was as follows:

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

	Amounts Payable as of January 1, 2013	Change in Long-term Payables	New Debt	Repayment	Amounts Payable as of December 31, 2013	Due Within One Year
Bonds payable	\$ 11,100,000	\$ -	\$ 5,040,000	\$ (245,000)	\$ 15,895,000	\$ 310,000
Less: deferred amounts:						
For issuance discounts	(220,484)	-	(119,704)	11,091	(329,097)	-
Total bonds payable	10,879,516	-	4,920,296	(233,909)	15,565,903	310,000
Term loans	779,973	-	-	(139,627)	640,346	145,642
Capital leases	545,758	-	355,777	(318,207)	583,328	204,339
Compensated absences	445,063	35,993	-	-	481,056	-
Total	<u>\$ 12,650,310</u>	<u>\$ 35,993</u>	<u>\$ 5,276,073</u>	<u>\$ (691,743)</u>	<u>\$ 17,270,633</u>	<u>\$ 659,981</u>

### Term Loans and Bonds

During 2004, the Borough issued a \$500,000 term loan to finance the purchase of a fire truck for the Unity Volunteer Fire Department. The fire department will hold title to the truck with the Borough listed as co-owner on the title. The outstanding balance of \$127,667 as of December 31, 2013 will mature in quarterly payments from 2014 through 2016. Interest is payable quarterly at a rate of 4.50%.

During 2005, the Borough issued a \$200,000 term loan to finance the purchase of a fire truck for the Renton Volunteer Fire Department. The fire department will hold title to the truck with the Borough listed as co-owner on the title. The outstanding balance of \$46,925 as of December 31, 2013 will mature in quarterly payments from 2014 through 2015. Interest is payable quarterly at a rate of 4.13%.

In April 2008, the Borough issued a \$550,000 term loan to finance the purchase of a fire truck for the Holiday Park Fire Department. The fire department will hold title to the truck with the Borough listed as co-owner on the title. The outstanding balance of \$330,883 as of December 31, 2013 will mature in quarterly payments from 2014 through 2020. Interest is payable quarterly at a rate of 4.03%.

In June 2008, the Borough issued a \$270,000 term loan to finance the purchase of a fire truck for the Logan's Ferry Fire Department. The fire department will hold title to the truck with the Borough listed as co-owner on the title. The outstanding balance of \$134,871 as of December 31, 2013 will mature in quarterly payments from 2014 through 2018. Interest is payable quarterly at a rate of 3.95%.

Because the Borough does not operate the fire trucks, maintain the fire trucks, or have full title to the fire trucks, the trucks are not included in the capital assets of the Borough.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

In August 2010, the Borough issued General Obligation Bond Series A and B in the amount of \$11,120,000, the proceeds of which will be used to finance the construction of a public works facility and various storm water projects. The Series A bonds, totaling \$265,000, are federally taxable Build America Bonds that carry interest rates ranging from 1.35 % to 2.10% and mature through 2013. The outstanding amount of \$245,000 was paid in full during 2013. The Series B bonds, totaling \$10,855,000, carry interest rates ranging from 1.70% to 4.67% and mature through 2040. At December 31, 2013, the outstanding balance was \$10,855,000.

In December 2013, the Borough issued General Obligation Bonds in the amount of \$5,040,000, the proceeds of which will be used to purchase a fire truck and to finance the construction of a new EMS building. These bonds carry interest rates ranging from .5% to 4.75% and mature through 2044. At December 31, 2013, the outstanding balance was \$5,040,000.

Annual debt service requirements for the bonds and term loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 455,642	\$ 658,463	\$ 1,114,105
2015	461,921	657,674	1,119,595
2016	421,110	645,393	1,066,503
2017	402,744	633,899	1,036,643
2018	399,617	622,107	1,021,724
2019-2023	1,894,313	2,926,989	4,821,302
2024-2028	2,190,000	2,554,231	4,744,231
2029-2033	2,480,000	2,072,144	4,552,144
2034-2038	3,090,000	1,469,147	4,559,147
2039-2043	3,864,999	680,193	4,545,192
2044	875,000	20,781	895,781
Total	<u>\$ 16,535,346</u>	<u>\$ 12,941,021</u>	<u>\$ 29,476,367</u>

### Tax Anticipation Note

In January 2013, the Borough issued a \$3,500,000 tax anticipation note. This note is secured by all taxes and current revenues of the Borough and matured on December 31, 2013. The interest rate on the note was 1.25% and the balance was paid in full by December 31, 2013.

In January 2014, the Borough issued a \$3,000,000 tax anticipation note. This note is secured by all taxes and current revenues of the Borough and will mature on December 31, 2014.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

The interest rate on the note is 1.15% and is expected to be paid in full by December 31, 2014.

### Obligations under Capital Leases

The Borough has entered into various capital lease agreements for the purchase of equipment. The leases require annual payments of principal and interest and are secured by the related equipment. The lease maturity dates range from 2014 to 2018. At December 31, 2013, the total cost of equipment under capital lease was \$852,394.

Present value of future minimum lease payments for these capital leases for the years ending December 31 are as follows:

2014	\$	230,294
2015		206,016
2016		149,118
2017		49,680
2018		<u>5,380</u>
		640,488
Less: interest		<u>(57,160)</u>
	\$	<u><u>583,328</u></u>

## 5. GUARANTEE OF DEBT

The Borough guarantees certain obligations of the Authority. Outstanding obligations guaranteed by the Borough at December 31, 2013 consist of the following:

### PennVest Loan

In 2003, the Authority entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PennVest) to provide funds for sewer system construction. Monthly payments until October 1, 2008 were \$2,975 including interest at an annual rate of 2.769%. Monthly payments for the remaining years are \$3,122 including interest at an annual rate of 3.465%. As of December 31, 2013, the Authority has drawn down the entire amount of the total approved loan of \$551,155, and \$311,917 of the loan remained outstanding.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### 2008 Sewer Revenue Bonds

During fiscal year 2008, the Authority issued Sewer Revenue Bonds, Series 2008 B in the amount of \$4,675,000 and Sewer Revenue Bonds, Series 2008 C, in the amount of \$1,415,000, collectively referred to as 2008 Sewer Bonds. The proceeds of the 2008 Sewer Bonds were used to provide funds to advance refund portions of the outstanding 1999 and 2003 Sewer Revenue Bonds Series and to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the 2008 Sewer Bonds was \$5,325,000. The 2008 Sewer Bonds carry interest rates ranging from 4.15% to 6.50% and mature through 2026.

### 2008 Water Revenue Bonds

During fiscal year 2008, the Authority issued Water Revenue Bonds, Series 2008 (2008 Water Bonds), in the amount of \$3,535,000. The proceeds of the 2008 Water Bonds are to be used to finance the issuance costs and to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the 2008 Water Revenue Bonds was \$2,820,000. The 2008 Water Revenue Bonds carry interest rates ranging from 2.40% to 4.00% and mature through 2021.

### 2009 Sewer Revenue Bonds

During fiscal year 2009, the Authority issued Sewer Revenue Bonds, Series 2009 in the amount of \$7,420,000. The proceeds of the Sewer Bonds, Series 2009, were used to finance issuance costs, provide funds to currently refund the remaining balance of the 1999 Sewer Revenue Bonds Series, and to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the Sewer Revenue Bonds, Series 2009, was \$3,695,000. The Sewer Revenue Bonds, Series 2009, carry interest rates ranging from 1.40% to 6.00% and mature through 2016.

### 2010 Sewer Revenue Bonds

During fiscal year 2010, the Authority issued Sewer Revenue Bonds, Series 2010 B, in the amount of \$9,330,000 and Sewer Revenue Bonds, Series 2010 C, in the amount of \$1,600,000, collectively referred to as 2010 Sewer Bonds. The proceeds of the 2010 Sewer Bonds were used to provide funds to currently refund the outstanding 2003 Sewer Revenue Bonds Series and to finance certain capital projects.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

At December 31, 2013, the amount outstanding relating to the 2010 Sewer Bonds was \$10,485,000. The 2010 Sewer Bonds carry interest rates ranging from 1.00% to 4.00% and mature through 2027.

### 2010 Water Revenue Bonds

During fiscal year 2010, the Authority issued Water Revenue Bonds, Series 2010 A in the amount of \$1,085,000 (2010 Water Bonds). The proceeds of the 2010 Water Bonds were used to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the 2010 Water Bonds was \$1,085,000. The 2010 Water Bonds carry an interest rate of 4.00% and mature in 2027.

### 2011 Sewer Revenue Bonds

During fiscal year 2011, the Authority issued Sewer Revenue Bonds, Series 2011 B in the amount of \$6,435,000 (2011 Sewer Bonds). The proceeds of the 2011 Sewer Bonds were used to provide funds to currently refund the outstanding 2006 Sewer Revenue Bonds Series and to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the 2011 Sewer Bonds was \$6,350,000. The 2011 Sewer Bonds carry interest rates ranging from 1.00% to 3.70% and mature through 2025.

### 2011 Water Revenue Bonds

During fiscal year 2011, the Authority issued Water Revenue Bonds, Series 2011 A in the amount of \$2,720,000 and Water Revenue Bonds, Series 2011 C, in the amount of \$2,145,000, collectively referred to as 2011 Water Bonds. The proceeds of the 2011 Water Bonds were used to provide funds to currently refund the outstanding 2006 Water Revenue Bonds Series and to finance certain capital projects.

At December 31, 2013, the amount outstanding relating to the 2011 Water Bonds was \$4,830,000. The 2011 Water Bonds carry interest rates ranging from 1.00% to 4.15% and mature through 2030.

Future annual debt service requirements on debt guaranteed by the Borough are as follows:

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

	Principal	Interest	Total
2014	\$ 1,862,091	\$ 1,242,384	\$ 3,104,475
2015	1,923,045	1,185,955	3,109,000
2016	2,984,032	1,125,311	4,109,343
2017	2,075,054	1,032,980	3,108,034
2018	2,141,112	965,735	3,106,847
2019-2023	12,371,583	3,630,144	16,001,727
2024-2028	10,495,000	1,231,711	11,726,711
2029-2030	1,050,000	59,200	1,109,200
	\$ 34,901,917	\$ 10,473,420	\$ 45,375,337

During 2013, the Borough did not make any payments on behalf of or contribute to the Authority.

### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at December 31, 2013 are summarized below:

Fund	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Major Funds:				
General Fund	\$ 553,457	\$ 420,000	\$ -	\$ 545,000
2010 Bond Fund				
2013 Capital Projects Fund	-	553,457	-	-
Other Governmental Funds	420,000	-	545,000	-
Total	\$ 973,457	\$ 973,457	\$ 545,000	\$ 545,000

Transactions between funds which are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected within the next fiscal year, the transactions are accounted for through the various due from and due to accounts.

In 2013, transfers of \$140,000 were made from the General Fund to the Fire Protection Fund for current year expenditures. Transfers were also made from the General Fund to the Fire Protection Fund and Capital Improvements Fund for \$70,000 and \$335,000, respectively, due to the operating surplus.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

### 7. CAPITAL ASSETS

A summary of current year changes in capital assets are as follows:

	December 31, 2012	Additions	Deletions/ Reclassifications	December 31, 2013
Capital assets, not being depreciated:				
Construction in progress	\$ 4,814,347	\$ 6,117,890	\$ (10,737,452)	\$ 194,785
Land	388,660	-	-	388,660
Total capital assets, not being depreciated	<u>5,203,007</u>	<u>6,117,890</u>	<u>(10,737,452)</u>	<u>583,445</u>
Capital assets, being depreciated:				
Infrastructure	215,288	271,337	899,844	1,386,469
Buildings and building improvements	747,650	-	9,837,608	10,585,258
Improvements other than buildings	541,133	-	-	541,133
Machinery and equipment	2,855,204	377,043	28,361	3,260,608
Total capital assets, being depreciated	<u>4,359,275</u>	<u>648,380</u>	<u>10,765,813</u>	<u>15,773,468</u>
Less: accumulated depreciation for:				
Infrastructure	3,669	17,351	-	21,020
Buildings and building improvements	431,985	26,455	-	458,440
Improvements other than buildings	344,703	21,534	-	366,237
Machinery and equipment	1,605,137	393,225	28,361	2,026,723
	<u>2,385,494</u>	<u>458,565</u>	<u>28,361</u>	<u>2,872,420</u>
Total capital assets, being depreciated, net	<u>1,973,781</u>	<u>189,815</u>	<u>10,737,452</u>	<u>12,901,048</u>
Total capital assets, net	<u>\$ 7,176,788</u>	<u>\$ 6,307,705</u>	<u>\$ -</u>	<u>\$ 13,484,493</u>

Depreciation expense was charged to functions/programs of the Borough as follows:

Governmental activities:	
General government	\$ 87,296
Public safety	106,305
Public works	216,975
Culture and recreation	47,989
Total depreciation expense - governmental activities	<u>\$ 458,565</u>

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### 8. PENSION PLANS

The Borough administers two single-employer pension plans covering substantially all full-time employees: the Police Pension Plan (Police Plan), a defined benefit plan for police officers and the Administrative Pension Plan (Administrative Plan), a defined contribution plan for administrative employees. Stand-alone financial statements are not issued for either plan. The Borough also makes contributions to the multi-employer Western Pennsylvania Teamsters and Employers Pension Fund (Non-Uniformed Pension Plan) for its road, clerical, and dispatch employees in accordance with a collective bargaining agreement. The Non-Uniformed Pension Plan is administered solely by its Trustees.

#### Police Plan - Description

The Police Plan is a defined benefit plan available to all full-time Borough police officers under Act 205 of the Commonwealth of Pennsylvania (Act). According to the Police Plan, participants are eligible for retirement upon the later of the completion of 25 years of aggregate service or attainment of age 50. Participants are fully vested in the Police Plan upon the completion of 12 years of aggregate service. The monthly pension benefit is equal to 50 percent of the final monthly salary averaged over the last 36 months of employment plus a service increment, if any.

As of January 1, 2013, the date of the most recent actuarial valuation, participants in the Police Plan were as follows:

Retirees and beneficiaries	14
Active participants:	
Vested	14
Non-vested	11
Terminated vested participants	1

#### Police Plan - Summary of Significant Accounting Policies

Financial information is presented on the accrual basis of accounting. Employer contributions to this the Police Plan are recognized when earned. Benefits and refunds are recognized when incurred in accordance with the terms of the Police Plan.

Police Plan assets are reported at fair value. Police Plan assets are invested primarily in equities and U.S. Treasury obligations. The Police Plan did not have any investment transactions with related parties during the year.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Police Plan - Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act. The Commonwealth of Pennsylvania (Commonwealth) allocates certain funds to assist in pension funding, which is funded by state foreign casualty insurance tax. Any financial requirement established by the MMO that exceeds the Commonwealth allocation must be funded by the Borough. In 2013, the Borough used the Commonwealth allocation for its police, administrative, and non-uniformed pension plans. The portion allocated to the police pension plan was \$186,449. The remaining \$300,298 was provided by the General Fund during 2013.

Employee contributions to the Police Plan for 2013 were \$121,573, which represents 5% of covered payroll.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Police Plan and funded by investment earnings.

	<u>Police</u>
Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	13-26 years depending on when base was established
Asset valuation method	General Rule
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases - average	4.75% pre-retirement
Cost of living adjustments	2.75%

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

The Borough has a net pension asset (a negative net pension obligation (NPO)) as of December 31, 2013, calculated as follows:

Annual required contribution	\$ 486,743
Interest on NPO	(6,995)
Adjustment to the ARC	10,562
Annual pension cost	490,310
Contribution made	486,748
Change in NPO	3,562
NPO, December 31, 2011	(93,266)
NPO, December 31, 2012	\$ (89,704)

### Police Plan – Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	% of APC Contributed	Net Pension Obligation
December 31, 2013	\$ 490,310	99%	\$ (89,704)
December 31, 2012	387,399	100%	(93,266)
December 31, 2011	378,504	100%	(95,090)

### Police Plan - Funded Status

The Borough's funded status and related information as of the latest actuarial valuation date, January 1, 2013, is as follows:

Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a percentage of Covered Payroll
\$ 8,582,431	\$ 12,226,424	\$ (3,643,993)	70.20%	\$ 2,248,811	-162.04%

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

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### Administrative Plan

The Administrative Plan (Plan) is a non-contributory defined contribution plan available to full-time permanent employees, other than police officers, and employees covered under the Western Pennsylvania Teamsters and Employers Pension Fund. Employer pension contributions were 10 percent of covered earnings during 2013 and participants are immediately vested. Participants may receive retirement benefits upon attainment of age 59 and one-half. Withdrawals of vested pension benefits prior to attaining age 59 and one-half years are subject to regular income taxes and penalties in the year of withdrawal. The pension benefit is equal to contributions made by the Borough on behalf of the employee plus related earnings. Employees may elect to receive a lump-sum distribution or an annuity upon retirement.

Financial information is presented on the accrual basis of accounting. Employer contributions to this Plan are recognized when earned. Benefits and refunds are recognized when incurred in accordance with the terms of the Plan.

The Plan assets are reported at fair value. Plan assets are invested primarily in guaranteed interest accounts. The Plan did not have any investment transactions with related parties during the year.

The recommended contribution estimated in accordance with Act 205 for the Plan for 2013 was \$93,024, which resulted from a defined contribution of approximately 10% of estimated covered payroll. The actual required contribution of \$82,860, based on actual 2013 wages, was made to the Plan from an employer contribution.

### Non-Uniformed Pension Plan

The Non-Uniformed Pension Plan (Pension Plan) is a cost-sharing multi-employer pension plan available to full-time permanent employees who are covered by a collective bargaining agreement. Annual covered payroll of the active Borough members amounted to approximately \$918,000, \$955,000, and \$977,000 for the years ended December 31, 2013, 2012, and 2011, respectively. Borough contributions to this Pension Plan were 100% of the contractual requirements, and were approximately \$124,000, \$123,000, and \$108,000 for the years ended December 31, 2013, 2012, and 2011, respectively. The Western Pennsylvania Teamsters manage this Pension Plan and additional information regarding its current provisions, withdrawal liabilities, and plan assets may be obtained from their offices. Under federal law, this Pension Plan has been certified as being in critical status because it has funding or liquidity problems, or both. Future employer contribution increases are likely.

---

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

### 9. REAL ESTATE TAXES

Real estate taxes are based on assessed valuations provided by Allegheny County and are levied on July 1. These taxes are billed and collected by an elected tax collector. Taxes paid through August 31 are given a 2% discount. Amounts paid after November 1, 2013 are assessed a 10% penalty. Taxes billed and not collected before May 1 of the year following the billing year are subject to an additional 6% interest charge. Delinquent taxes are also collected by the elected tax collector.

Under the Borough Code, the Borough is permitted to levy real estate taxes up to 30 mills for general purposes. The aggregate tax rate for the year ended December 31, 2013 was \$3.78 per \$1,000 of assessed valuation (2.616 mills for general purposes, 0.364 mills for debt service, 0.527 mills for street improvement, and 0.273 fire protection). Taxable assessed value for 2013 real estate taxes, reflective of a County-wide re-assessment, was \$1,547,171,865 (approximates 100% of fair market value).

### 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBS)

#### Plan Description

In addition to providing pension benefits under contractual obligations, the Borough provides certain health care and life insurance benefits for certain retired employees who are covered under employment contracts. The Borough does not have a formal plan document for the OPEB plan, but it operates as a single-employer defined benefit plan that is not accounted for as a trust fund. An irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the Borough's General Fund.

All Police officers that have reached 25 years of service which includes the purchase of prior military service and having reached the age of 50 years are eligible to participate in the retirement program. Eligible employees and their spouses may continue health care benefits from the time of retirement until they become eligible for Medicare. Upon being eligible for Medicare, the employee and their spouse are eligible to participate in medical coverage, at a total cost to the Borough, in a Highmark High Deductible 1500/3000 health insurance plan. With ratification of a new bargaining agreement, hospitalization/major Medical benefits for retirees shall not be provided to any officer hired on or after January 1, 2011.

All other covered employees who have reached 60 years of age are eligible to participate in the retirement program. To be eligible for life insurance, employees must also have been employed by the Borough for at least 15 years. Eligible employees may continue to receive benefits until they become eligible for Medicare.

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

The cost of the premium will be paid in accordance with the following formula:

For police officers, during the first full year of retirement, the Borough will pay 70% of the premium and the retiree will pay 30% of the premium. During the second full year of retirement, the Borough will pay 80% of the premium and the retiree will pay 20% of the premium. During the third full year of retirement, and each year thereafter until the retiree reaches age 65, the Borough will pay 90% of the premium and the retiree will pay 10% of the premium.

For Municipal and Clerical employees, the Borough shall pay for the cost of a retired employee's individual medical coverage under the Borough Plan from age 62 until age 65. The Borough will pay for the cost of a retired employees' individual medical coverage from age 60 to 62 provided the employee pays the stated contribution of \$76 per month.

As of January 1, 2013, there were 54 active employees in the plan and 24 retirees met the eligibility requirements to receive OPEBs.

### Funding Policy

The contribution requirements of OPEB Plan members and the Borough are established and may be amended by the Borough. The OPEB plan is not funded. The employer's contributions are financed on a pay-as-you-go basis. In 2013, the Borough paid \$138,304 in OPEB premiums, net of reimbursement.

The Borough's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the component of the Borough's annual OPEB cost for the year, the amount actually contributed, and changes in the Borough's net OPEB obligation:

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

---

Annual required contribution	\$ 632,807
Interest on net OPEB obligation	50,527
Adjustment to annual required contribution	<u>(71,637)</u>
Annual OPEB cost	611,697
Contributions made (includes implicit rate subsidy)	<u>(184,517)</u>
Increase in net OPEB obligation	427,180
Net OPEB obligation - beginning of year	<u>1,684,231</u>
Net OPEB obligation - end of year	<u><u>\$ 2,111,411</u></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
December 31, 2013	\$ 611,697	30.16%	\$ 2,111,411
December 31, 2012	566,037	29.41%	1,684,231
December 31, 2011	573,460	27.40%	1,284,689

The ARC for the current year was computed as of the latest actuarial valuation using the following actuarial assumptions:

# BOROUGH OF PLUM

## NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	30 years
Asset valuation method	N/A - the OPEB plan is unfunded
Actuarial assumptions:	
Investment rate of return	3.00%
Assumed retirement age	Police: later of age 58 & 25 years service Other employees: age 62
Healthcare cost trends:	
Years 1, 2, and 3	9%
Years 4, 5, 6, and 7	8%
Years 8, 9, 10, 11, and 12	7%
Years 13, 14, 15, 16, 17, and 18	6%
Years 19 and thereafter	5%

The schedule of funding progress as of January 1, 2013 for the postemployment medical and life insurance benefits is as follows:

Actuarial of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
\$ -	\$ 7,433,877	\$ (7,433,877)	0.0%	\$ 4,013,361	-185.23%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and medical care costs. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and

# **BOROUGH OF PLUM**

## **NOTES TO PRIMARY GOVERNMENT FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

---

new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### **11. DEFERRED COMPENSATION PLAN**

The Borough offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. Participation in the Plan is open to all employees and is optional. The Plan is not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2013, all amounts of compensation deferred under the Plan are held in trust solely for the benefit of the participants. Investments are managed by the Plan's trustee under several investment options selected by the participant. Deferred compensation assets at December 31, 2013 totaled \$1,164,770. Under the applicable accounting provisions, the Plan is not required to be included in the Borough's financial statements.

### **12. COMMITMENTS AND CONTINGENCIES**

The Borough is involved in a number of other matters arising in the ordinary course of its operations. At present, management believes the ultimate outcome of these matters, after consideration of any applicable insurance coverage, will not be material to the financial statements taken as a whole.

The Borough maintains insurance through independent carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the Borough against potential losses. There have been no significant changes in insurance coverage since the prior fiscal year and settlements have not exceeded insurance coverage in the past three years.

**Required Supplementary  
Information**

# BOROUGH OF PLUM

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

	Actual	Budgeted Amounts		Variance with Final Budget
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 8,705,240	\$ 7,952,500	\$ 7,952,500	\$ 752,740
Licenses and permits	713,241	627,050	627,050	86,191
Fines and forfeits	59,089	74,000	74,000	(14,911)
Interest, rent, and royalties	7,313	4,400	4,400	2,913
Intergovernmental	666,757	637,934	637,934	28,823
Charges for services	1,702,026	1,717,693	1,717,693	(15,667)
Miscellaneous	64,436	45,000	45,000	19,436
<b>Total revenues</b>	<b>11,918,102</b>	<b>11,058,577</b>	<b>11,058,577</b>	<b>859,525</b>
<b>Expenditures:</b>				
Current:				
General government	1,652,615	1,609,256	1,609,256	(43,359)
Public safety	5,003,048	5,027,181	5,027,181	24,133
Public works	4,367,592	4,206,255	4,206,255	(161,337)
Culture and recreation	400,439	454,427	454,427	53,988
Debt service:				
Principal	318,207	318,207	318,207	-
Interest	6,948	6,948	6,948	-
<b>Total expenditures</b>	<b>11,748,849</b>	<b>11,622,274</b>	<b>11,622,274</b>	<b>(126,575)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>169,253</b>	<b>(563,697)</b>	<b>(563,697)</b>	<b>732,950</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from capital lease	355,777	-	-	355,777
Transfers out	(545,000)	-	-	(545,000)
<b>Total other financing sources (uses)</b>	<b>(189,223)</b>	<b>-</b>	<b>-</b>	<b>(189,223)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (19,970)</b>	<b>\$ (563,697)</b>	<b>\$ (563,697)</b>	<b>\$ 543,727</b>

See accompanying notes to supplementary schedules.

**BOROUGH OF PLUM**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION PLAN**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess (Deficiency) of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2009	\$ 6,873,620	\$ 9,720,358	\$ (2,846,738)	70.71%	\$ 1,865,587	(152.59%)
1/1/2011	7,181,225	11,033,718	(3,852,493)	65.08%	2,185,765	(176.25%)
1/1/2013	8,582,431	12,226,424	(3,643,993)	70.20%	2,248,811	(162.04%)

Note: State law requires biennial valuations on the odd-numbered years.

See accompanying notes to supplementary schedules.

# BOROUGH OF PLUM

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES

### POLICE PENSION PLAN

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2008	\$ 281,734	100%
2009	250,087	100%
2010	235,020	101%
2011	374,722	100%
2012	383,762	100%
2013	486,743	100%

Note: Contributions include state pension aid

See accompanying notes to supplementary schedules.

# BOROUGH OF PLUM

## SCHEDULE OF FUNDING PROGRESS - OPEB PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/2009	\$ -	\$ 5,571,496	\$ (5,571,496)	0.00%	\$ 1,984,335	(280.77%)
1/1/2010	-	6,460,601	(6,460,601)	0.00%	2,075,426	(311.29%)
1/1/2013	-	\$7,433,877	(7,433,877)	0.00%	4,013,361	(185.23%)

See accompanying notes to supplementary schedules.

# BOROUGH OF PLUM

## NOTES TO SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

---

### 1. BUDGETARY COMPARISON

The Borough of Plum's (Borough) budgetary process accounts for transactions on the modified accrual basis of accounting on the governmental fund statements.

### 2. PENSION INFORMATION

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

	<u>Police</u>
Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	13-26 years depending on when base was established
Asset valuation method	General Rule
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases - average	4.75% pre-retirement
Cost of living adjustments	2.75%

# BOROUGH OF PLUM

## NOTES TO SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

---

### 3. OPEB INFORMATION

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

Actuarial valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	30 years
Asset valuation method	N/A - the OPEB plan is unfunded
Actuarial assumptions:	
Investment rate of return	3.00%
Assumed retirement age	Police: later of age 58 & 25 years service Other employees: age 62
Healthcare cost trends:	
Years 1, 2, and 3	9%
Years 4, 5, 6, and 7	8%
Years 8, 9, 10, 11, and 12	7%
Years 13, 14, 15, 16, 17, and 18	6%
Years 19 and thereafter	5%

## **Supplementary Information**

# BOROUGH OF PLUM

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	Special Revenue Funds			Capital Projects Funds			Total
	Fire Protection Fund	State Fund	Debt Service Fund	Street Improvement Fund	Capital Improvements Fund	Total Other Governmental Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 135,986	\$ 204,470	\$ 220,643	\$ 86,828	\$ 335,000		\$ 982,927
Receivables:							
Taxes	63,681	-	85,045	123,254	-		271,980
Other	-	949	-	-	-		949
Prepaid Expenditures	11,392	-	-	-	-		11,392
Due from other funds	-	-	-	420,000	-		420,000
<b>Total Assets</b>	<b>\$ 211,059</b>	<b>\$ 205,419</b>	<b>\$ 305,688</b>	<b>\$ 630,082</b>	<b>\$ 335,000</b>		<b>\$ 1,687,248</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 4,545	\$ -	\$ -	\$ -	\$ -		\$ 4,545
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue	52,127	-	69,615	100,892	-		222,634
<b>Fund Balance:</b>							
Restricted for:							
Liquid Fuels Tax projects	-	205,419	-	-	-		205,419
Fire protection	154,387	-	-	-	-		154,387
Street improvements	-	-	-	529,190	-		529,190
Debt service	-	-	236,073	-	-		236,073
Assigned for capital projects	-	-	-	-	335,000		335,000
<b>Total Fund Balance</b>	<b>154,387</b>	<b>205,419</b>	<b>236,073</b>	<b>529,190</b>	<b>335,000</b>		<b>1,460,069</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 211,059</b>	<b>\$ 205,419</b>	<b>\$ 305,688</b>	<b>\$ 630,082</b>	<b>\$ 335,000</b>		<b>\$ 1,687,248</b>

## BOROUGH OF PLUM

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total Other Governmental Funds
	Fire Protection Fund	State Fund		Street Improvement Fund	Capital Improvements Fund	
<b>Revenues:</b>						
Taxes	\$ 401,594	\$ -	\$ 536,392	\$ 777,022	\$ -	\$ 1,715,008
Interest, rent, and royalties	-	79	17	53	-	149
Intergovernmental	160,054	554,417	-	-	-	714,471
Charges for services	-	-	-	1,696	-	1,696
Total revenues	561,648	554,496	536,409	778,771	-	2,431,324
<b>Expenditures:</b>						
Public safety	462,966	-	-	-	-	462,966
Public works	-	535,824	-	-	-	535,824
Capital outlay	-	-	-	547,313	-	547,313
Debt service:						
Principal	139,627	-	-	245,000	-	384,627
Interest	30,424	-	431,790	2,573	-	464,787
Total expenditures	633,017	535,824	431,790	794,886	-	2,395,517
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(71,369)	18,672	104,619	(16,115)	-	35,807
<b>Other Financing Sources (Uses):</b>						
Transfers in	210,000	-	-	-	335,000	545,000
Total other financing sources (uses)	210,000	-	-	-	335,000	545,000
<b>Net Change in Fund Balance</b>	138,631	18,672	104,619	(16,115)	335,000	580,807
<b>Fund Balance:</b>						
Beginning of year	15,756	186,747	131,454	545,305	-	879,262
End of year	\$ 154,387	\$ 205,419	\$ 236,073	\$ 529,190	\$ 335,000	\$ 1,460,069

# BOROUGH OF PLUM

## COMBINING STATEMENT OF PLAN NET POSITION PENSION TRUST FUNDS

DECEMBER 31, 2013

	<u>Police Pension</u>	<u>Administrative Pension</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 621,991	\$ 52,350	\$ 674,341
Investments at fair value:			
Mutual funds - equity	266,664	694,671	961,335
Mutual funds - bond	2,262,613	162,921	2,425,534
Common stock	4,736,579	-	4,736,579
Guaranteed interest accounts	-	281,612	281,612
Real estate	3,944	-	3,944
<b>Total Assets</b>	<u>7,891,791</u>	<u>1,191,554</u>	<u>9,083,345</u>
<b>Liabilities</b>			
	-	-	-
<b>Net Position</b>			
Held in trust for employees' pension benefits	<u>\$ 7,891,791</u>	<u>\$ 1,191,554</u>	<u>\$ 9,083,345</u>

# BOROUGH OF PLUM

## COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2013

	<u>Police Pension Fund</u>	<u>Administrative Pension Fund</u>	<u>Total</u>
<b>Additions:</b>			
<u>Contributions:</u>			
Employer, including state aid	\$ 486,747	\$ 82,860	\$ 569,607
Employee	121,573	-	121,573
Total contributions	<u>608,320</u>	<u>82,860</u>	<u>691,180</u>
<u>Investment income:</u>			
Net appreciation in fair value of investments	1,140,954	118,773	1,259,727
Interest and dividends	113,668	-	113,668
Total investment income	<u>1,254,622</u>	<u>118,773</u>	<u>1,373,395</u>
Total additions	<u>1,862,942</u>	<u>201,633</u>	<u>2,064,575</u>
<b>Deductions:</b>			
Benefits	529,012	223,180	752,192
Administrative expense	53,667	693	54,360
Total deductions	<u>582,679</u>	<u>223,873</u>	<u>806,552</u>
<b>Change in Plan Net Position</b>	1,280,263	(22,240)	1,258,023
<b>Plan Net Position Held in Trust for Pension Benefits:</b>			
Beginning of year	<u>6,611,528</u>	<u>1,213,794</u>	<u>7,825,322</u>
End of year	<u>\$ 7,891,791</u>	<u>\$ 1,191,554</u>	<u>\$ 9,083,345</u>

# BOROUGH OF PLUM

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
<hr/> <b>Assets</b> <hr/>				
Cash and cash equivalents	<u>\$ 5,259</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 5,109</u>
<hr/> <b>Liabilities</b> <hr/>				
<u>Liabilities:</u>				
Due to Coal Miners' Memorial Committee	<u>\$ 5,259</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 5,109</u>