

**BOROUGH OF SEWICKLEY**  
ALLEGHENY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORTS BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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

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

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**Borough Council  
Borough of Sewickley**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Sewickley as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Sewickley, Allegheny County, Pennsylvania as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages iv-xv and the additional required supplementary information on pages 52-57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

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

***Other Supplementary Information (Continued)***

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The memorandum only prior year information for the year ended December 31, 2017 (Schedules 1-2) were audited by me, and I expressed an unmodified opinion on them in my report dated April 2, 2018, but I have not performed any auditing procedures since that date on these statements.



Mark C. Turnley, CPA

June 30, 2019  
New Brighton, Pennsylvania

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**INTRODUCTION**

This discussion and analysis of the Borough of Sewickley's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2018. The intent of Management's Discussion and Analysis (MD&A) is to provide readers with an appreciation for the financial status of the Borough, the challenges faced and accomplishments achieved. The reader should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD& A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2018 are as follows:

- The Borough's governmental activities net position increased \$851,701 in 2018 to \$7,580,097. The Borough's business-type activities (Sewer Fund) net position increased \$562,229 in 2018 to \$2,704,372.
- Unrestricted net position for the Borough's governmental and business-type activities was \$2,372,109 and (\$726,904) respectively as of December 31, 2018.
- The Borough's combined governmental fund balance increased from \$1,442,072 at December 31, 2017 to \$2,387,205 at December 31, 2018 (66%).

**USING THE ANNUAL FINANCIAL REPORT**

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

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**USING THE ANNUAL FINANCIAL REPORT (Continued)**

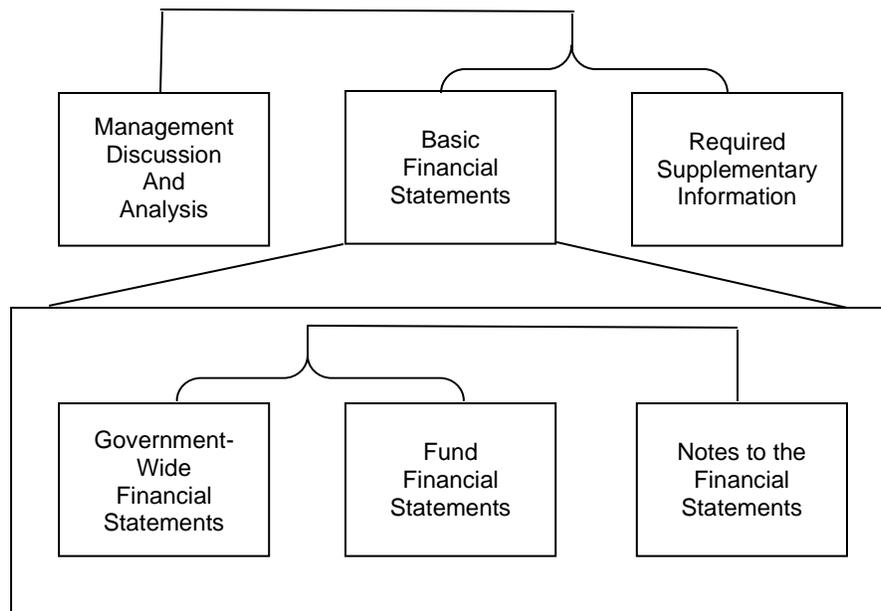
The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Borough’s overall financial status.

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

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

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

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



**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
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**USING THE ANNUAL FINANCIAL REPORT (continued)**

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

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

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

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
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DECEMBER 31, 2018

**OVERVIEW OF FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
DECEMBER 31, 2018

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**Enterprise Funds** – The Borough operates a wastewater treatment facility.

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE**

The Borough has presented its financial statements using the reporting model required by Government Accounting Standards Board Statement No. 34 (GASB Statement #34), “Basic Financial Statements and Management’s Discussion and Analysis (MD&A) for State and Local Governments for several years. Comparative information from the prior year is shown as reflected below.

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
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**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

The Borough's net position on December 31, 2018 and 2017 is presented below:

Table A-1

**Summary of Statement of Net Position**  
**Year Ended December 31, 2018 and 2017**

	----- DECEMBER 31, 2018 -----			-MEMO-
	GOVERNMENTAL	BUSINESS-TYPE	2018	2017
	ACTIVITIES	ACTIVITIES	TOTAL	TOTAL
Current Assets	\$ 2,192,831	\$ 558,492	\$ 2,751,323	\$ 1,310,081
Non-Current Assets	5,604,641	14,294,791	19,899,432	21,488,246
Deferred Outflows	1,198,241	464,773	1,663,014	589,523
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 8,995,713</b>	<b>\$ 15,318,056</b>	<b>\$ 24,313,769</b>	<b>\$ 23,387,850</b>
Current Liabilities	\$ (494,346)	\$ 2,142,525	\$ 1,648,179	\$ 1,301,172
Long-term Liabilities	933,560	10,355,596	11,289,156	12,092,076
Deferred Inflows	976,402	115,563	1,091,965	960,091
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 1,415,616</b>	<b>\$ 12,613,684</b>	<b>\$ 14,029,300</b>	<b>\$ 14,353,339</b>
Net Investment in				
Capital Assets	\$ 5,020,719	\$ 3,431,904	\$ 8,452,623	\$ 8,353,380
Restricted - Highways/Streets	187,269	-	187,269	137,832
Unrestricted (Deficit)	2,372,109	(726,904)	1,645,205	543,299
<b>TOTAL NET POSITION</b>	<b>\$ 7,580,097</b>	<b>\$ 2,705,000</b>	<b>\$ 10,285,097</b>	<b>\$ 9,034,511</b>

The increase in current assets is mainly attributable to an increase in cash and cash equivalents of approximately \$1,390,827, basically attributable to 1) excess revenues over expenditures of the General Fund for calendar year 2018, and 2) the timing as to when the Borough's 2018 road program costs were paid. Current liabilities increased mainly as a result of certain 2018 road program costs totaling \$329,725 completed as of December 31, 2018 but paid in early calendar year 2019. The change in noncurrent assets, long-term liabilities, and the net investment in capital assets represents the excess of depreciation expense over capital outlays during the calendar year 2018, combined with the Borough's continued pay down on its long-term debt obligations. The change in deferred outflows and deferred inflows is directly related to the updated actuarial valuation received by the Borough related to its pension plan obligations as of 12/31/2018.

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
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**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

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

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for 2018 and 2017.

Table A-2  
Year ended December 31, 2018 and 2017  
Changes in Net Position

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>2018 TOTAL</b>	<b>2017 TOTAL</b>
<b>REVENUES</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 658,047	\$ 2,245,600	\$ 2,903,647	\$ 2,521,826
Operating Grants and Contributions	294,386	-	294,386	305,652
<b>General Revenues:</b>				
Property Taxes	2,908,091	-	2,908,091	2,847,304
Other Taxes	2,018,603	-	2,018,603	1,680,173
Cable Franchise Fees	73,442	-	73,442	82,074
Interest	16,231	2,113	18,344	3,792
Parking Authority Lease	50,000	-	50,000	137,500
Miscellaneous	223,893	-	223,893	172,002
<b>TOTAL REVENUES</b>	<b>\$ 6,242,693</b>	<b>\$ 2,247,713</b>	<b>\$ 8,490,406</b>	<b>\$ 7,750,323</b>
<b>EXPENSES</b>				
General Government	\$ 1,074,041	\$ -	\$ 1,074,041	\$ 1,047,770
Public Safety - Police	1,717,912	-	1,717,912	1,559,111
Public Safety - Fire	276,193	-	276,193	256,828
Public Safety - Other	106,191	-	106,191	114,728
Public Works - Highways	1,859,994	-	1,859,994	1,624,563
Culture and Recreation	274,657	-	274,657	257,965
Interest on Debt/Refunds/Transfers	82,004	-	82,004	446,268
Sewer Operations - Operating Expenses	-	1,685,484	1,685,484	1,289,473
<b>TOTAL EXPENSES</b>	<b>\$ 5,390,992</b>	<b>\$ 1,685,484</b>	<b>\$ 7,076,476</b>	<b>\$ 6,596,706</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 851,701</b>	<b>\$ 562,229</b>	<b>\$ 1,413,930</b>	<b>\$ 1,153,617</b>

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

Total governmental activities revenues of \$6,242,693 were derived primarily from property taxes representing 46.6% of the total. Other taxes made up the next largest source of revenue of 32.3%, followed by charges for services at 10.50%.

Table A-3  
Year ended December 31, 2018 and 2017  
Governmental Activities

	2018		2017	
	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>
<b>EXPENSES</b>				
General Government	\$ 1,074,041	\$ 851,766	\$ 1,047,770	\$ 775,125
Public Safety - Police	1,717,912	1,433,297	1,559,111	1,298,806
Public Safety - Fire	276,193	106,516	256,828	110,675
Public Safety - Other	106,191	45,526	114,728	26,080
Public Works - Highways	1,859,994	1,671,838	1,624,563	1,425,472
Culture and Recreation	274,657	247,612	257,965	237,630
Debt Service/Refunds/Transfers	82,004	82,004	446,268	446,268
<b>TOTAL EXPENSES</b>	<b>\$ 5,390,992</b>	<b>\$ 4,438,559</b>	<b>\$ 5,307,233</b>	<b>\$ 4,320,056</b>
<b>Less:</b>				
Unrestricted Grants, Subsidies		-		-
<b>TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES</b>		<u><b>\$ 4,438,559</b></u>		<u><b>\$ 4,320,056</b></u>

Table A-4 reflects the activities of the Sewer Fund, the business-type activities of the Borough for the year 2018 and 2017.

Table A-4  
Year ended December 31, 2018 and 2017  
Business-Type Activities

	2018		2017	
	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>	<u>TOTAL COST OF SERVICE</u>	<u>NET COST OF SERVICE</u>
<b>EXPENSES</b>				
Sewer Operations	\$ 1,685,484	\$ (560,116)	\$ 1,289,473	\$ (550,828)
Interest/Miscellaneous		(2,113)		-
Debt Service/Transfers/Refinancing Costs		-		365,619
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET INCOME</b>		<u><b>\$ (562,229)</b></u>		<u><b>\$ (185,209)</b></u>

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**THE BOROUGH FUNDS**

The following table compares the revenues, expenditures and change in fund balance of the Borough's General Fund for the years 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Taxes	\$ 3,489,548	\$ 4,526,621
Licenses and Permits	77,392	86,024
Fines and Forfeitures	40,864	47,459
Interest and Rents	67,660	185,391
Intergovernmental	172,330	189,553
Charges for Services	483,949	474,187
Miscellaneous	219,482	128,631
<b>TOTAL REVENUES</b>	<b><u>\$ 4,551,225</u></b>	<b><u>\$ 5,637,866</u></b>
<b>EXPENSES</b>		
General Government	\$ 993,886	\$ 987,103
Public Safety	1,930,210	2,009,641
Public Works	1,094,320	1,491,083
Culture and Recreation	189,351	173,138
Debt Service	121,723	115,161
<b>TOTAL EXPENSES</b>	<b><u>\$ 4,329,490</u></b>	<b><u>\$ 4,776,126</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In	\$ 74,284	\$ 74,365
Refund of Prior Years Receipts/Expenses	(51,611)	(21,806)
Operating Transfers Out	(84,275)	(542,651)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b><u>\$ (61,602)</u></b>	<b><u>\$ (490,092)</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 160,133</u></b>	<b><u>\$ 371,648</u></b>

The decrease in taxes noted above is the result of the Borough establishing a separate Road Construction and Maintenance Fund in 2018 which is no longer combined with the General Fund as it was for calendar year 2017, and dedicating 1.80 mills of real estate taxes toward that Fund.

**GENERAL FUND BUDGET**

In November of 2017, the Borough of Sewickley adopted its annual budget for the General Fund in the amount of \$4,613,645. A schedule showing the Borough's original and final budget amounts compared with amounts actually paid and received is provided in summary form on Page 7, and more detailed in Schedules 1 and 2 on pages 39-47 of the report.

**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**PROPRIETARY FUND (SEWER FUND)**

The following table compares the revenues, expenses and change in net position of the Borough's Proprietary Fund for the year 2018 and 2017:

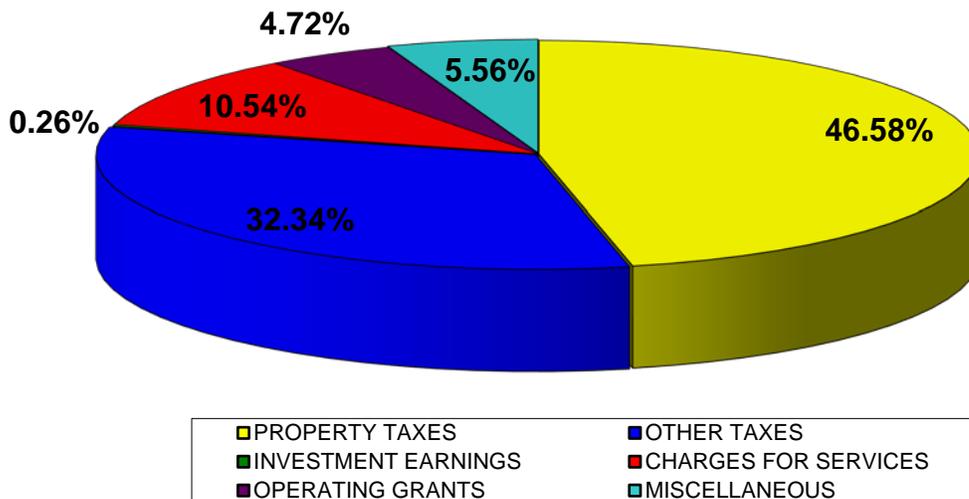
	SEWER FUND	
	2018	2017
Operating Revenues	\$ 2,245,600	\$ 1,840,301
Operating Expenses	(1,326,264)	(1,273,668)
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 919,336</b>	<b>\$ 566,633</b>
Nonoperating Revenues (Expenses)	\$ (357,107)	\$ (381,424)
<b>CHANGE IN NET POSITION</b>	<b>\$ 562,229</b>	<b>\$ 185,209</b>

**PROGRAM REVENUE**

The following chart graphically depicts the government-wide program revenues for the fiscal year ended December 31, 2018.

**SOURCE OF REVENUES**

**TOTAL REVENUES: \$6,242,693**



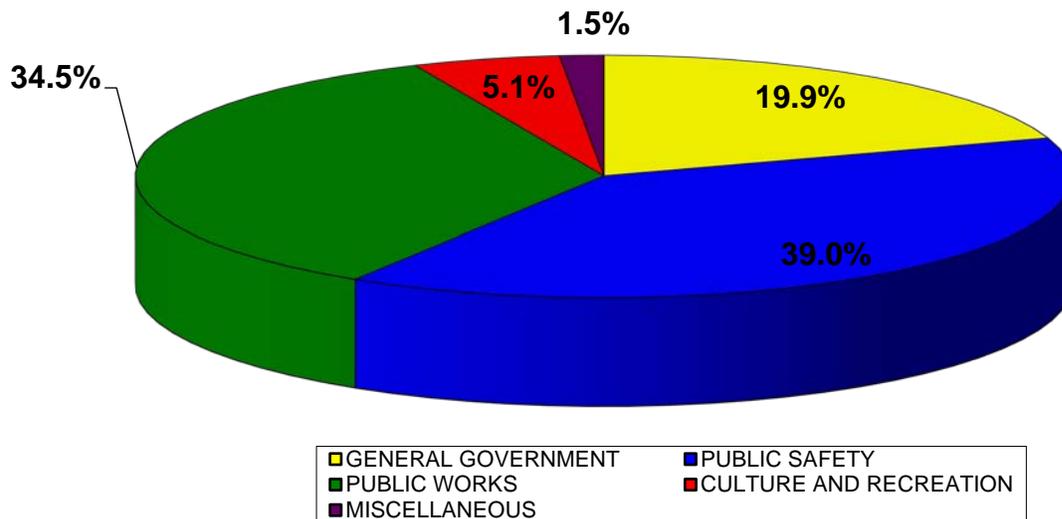
**BOROUGH OF SEWICKLEY  
ALLEGHENY COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
DECEMBER 31, 2018**

**PROGRAM EXPENSE**

Total expenses for all governmental activities in 2018 were \$5,390,992. The expenses reflect the delivery of a wide range of services, with the two largest areas being public safety at 39% and public works at 34.5%. General government expenses were 19.9% of total expenses.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2018.

**PROGRAM EXPENSES  
TOTAL EXPENSES: \$5,390,992**



**BOROUGH OF SEWICKLEY**  
**ALLEGHENY COUNTY, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2018, the Borough had \$19,848,316 invested in capital assets, including land, infrastructure, buildings, machinery and equipment and vehicles net of depreciation. This amount represents a net decrease (including additions, deletions and depreciation) of \$934,381 or approximately 4.5% from last year. The Borough had approximately \$133,061 in capital additions during the 2018 year which is comprised mainly of the purchase of a police vehicle for \$43,255, a new impeller for the street sweeper for \$14,468, and a vehicle exhaust extractor system for its' fire department vehicles for \$32,280.

**Long Term Debt**

On December 31, 2018, the Borough had \$11,632,806 of long-term debt outstanding. This represents a decrease of 8.8% from December 31, 2017.

**Pension Trust Fund**

The Borough of Sewickley has two pension plans – general employees and police. On December 31, 2018, the assets of the plans were \$10,024,292. During calendar year 2015, the Borough implemented Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. An actuarial valuation of both plans determined that the net pension (asset)/obligation for the police and general employee pension plans was (\$51,116) and \$249,886 respectively as of December 31, 2018.

**Contacting the Borough**

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

Marla Marcinko, Borough Manager  
Borough of Sewickley  
601 Thorn Street  
Sewickley, PA 15143

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

**EXHIBIT A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 1,609,307	\$ 219,164	\$ 1,828,471
Investments	219	-	219
Due from other Governments	28,317	-	28,317
Sewer Receivable	-	285,757	285,757
Taxes Receivable (Net)	482,275	-	482,275
Other Accounts Receivable	72,713	53,571	126,284
<b>Total Current Assets</b>	<b>\$ 2,192,831</b>	<b>\$ 558,492</b>	<b>\$ 2,751,323</b>
<b>Noncurrent Assets:</b>			
Land	\$ 1,237,904	\$ -	\$ 1,237,904
Infrastructure (net)	2,198,350	-	2,198,350
Site Improvements (net)	968,061	-	968,061
Buildings and Improvement (net)	390,978	1,714,046	2,105,024
Vehicles and Equipment (net)	758,232	545,185	1,303,417
Storm Sewers (net)	-	5,806,749	5,806,749
Headworks Dewatering Project	-	5,628,503	5,628,503
Boundary Street Pump Station	-	600,308	600,308
Net Pension Asset - Police	51,116	-	51,116
<b>Total Noncurrent Assets</b>	<b>\$ 5,604,641</b>	<b>\$ 14,294,791</b>	<b>\$ 19,899,432</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,797,472</b>	<b>\$ 14,853,283</b>	<b>\$ 22,650,755</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Interest on Refunding	\$ -	\$ 316,832	\$ 316,832
Deferred Outflows Related to Pensions	1,198,241	147,941	1,346,182
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,198,241</b>	<b>\$ 464,773</b>	<b>\$ 1,663,014</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 8,995,713</b>	<b>\$ 15,318,056</b>	<b>\$ 24,313,769</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 436,513	\$ 59,381	\$ 495,894
Payroll Payable	97,760	14,503	112,263
Payroll Withholdings	6,651	-	6,651
Internal Balances	(1,145,112)	1,145,112	-
Due to Other Governmental Units	-	6,862	6,862
Current Portion Long-Term Debt	109,842	916,667	1,026,509
<b>Total Current Liabilities</b>	<b>\$ (494,346)</b>	<b>\$ 2,142,525</b>	<b>\$ 1,648,179</b>
<b>Noncurrent Liabilities:</b>			
Bonds Payable - Long Term Portion (Net)	\$ -	\$ 8,805,348	\$ 8,805,348
Notes Payable - Long Term Portion	408,560	1,458,332	1,866,892
Lease Purchase Obligations Payable - Long Term Portion	14,404	-	14,404
Net Pension Liability	186,575	63,311	249,886
Accrued Compensated Absences	324,021	28,605	352,626
<b>Total Noncurrent Liabilities</b>	<b>\$ 933,560</b>	<b>\$ 10,355,596</b>	<b>\$ 11,289,156</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 439,214</b>	<b>\$ 12,498,121</b>	<b>\$ 12,937,335</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	\$ 976,402	\$ 115,563	\$ 1,091,965
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 976,402</b>	<b>\$ 115,563</b>	<b>\$ 1,091,965</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 5,020,719	\$ 3,431,276	\$ 8,451,995
Restricted for Highways and Streets	187,269	-	187,269
Unrestricted (Deficit)	2,372,109	(726,904)	1,645,205
<b>TOTAL NET POSITION</b>	<b>\$ 7,580,097</b>	<b>\$ 2,704,372</b>	<b>\$ 10,284,469</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 8,995,713</b>	<b>\$ 15,318,056</b>	<b>\$ 24,313,769</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**EXHIBIT B**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 1,074,041	\$ 81,743	\$ 140,532	\$ -	\$ (851,766)		\$ (851,766)
Public Safety - Police	1,717,912	284,615	-	-	(1,433,297)		(1,433,297)
Public Safety - Fire	276,193	142,534	27,143	-	(106,516)		(106,516)
Public Safety - Other	106,191	60,665	-	-	(45,526)		(45,526)
Public Works - Highways	1,859,994	61,445	126,711	-	(1,671,838)		(1,671,838)
Culture and Recreation	274,657	27,045	-	-	(247,612)		(247,612)
Debt Service/Refunds	82,004	-	-	-	(82,004)		(82,004)
<b>Total Governmental Activities</b>	<b>\$ 5,390,992</b>	<b>\$ 658,047</b>	<b>\$ 294,386</b>	<b>\$ -</b>	<b>\$ (4,438,559)</b>		<b>\$ (4,438,559)</b>
<b>Business-Type activities:</b>							
Sewer	\$ 1,685,484	\$ 2,245,600	\$ -	\$ -		\$ 560,116	\$ 560,116
<b>Total Business-Type Activities</b>	<b>\$ 1,685,484</b>	<b>\$ 2,245,600</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 560,116</b>	<b>\$ 560,116</b>
<b>Total Primary Government</b>	<b>\$ 7,076,476</b>	<b>\$ 2,903,647</b>	<b>\$ 294,386</b>	<b>\$ -</b>	<b>\$ (4,438,559)</b>	<b>\$ 560,116</b>	<b>\$ (3,878,443)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes (net)					\$ 2,908,091	\$ -	\$ 2,908,091
Act 511 Taxes					1,893,632	-	1,893,632
Sales Tax					122,571	-	122,571
Cable Franchise Fees					73,442	-	73,442
Alcohol Beverage tax					2,400	-	2,400
Investment Earnings					16,231	2,113	18,344
Parking Authority Lease					50,000	-	50,000
Sale of Fixed Assets					2,600	-	2,600
Miscellaneous					221,293	-	221,293
<b>Total General Revenues</b>					<b>\$ 5,290,260</b>	<b>\$ 2,113</b>	<b>\$ 5,292,373</b>
<b>Change in Net Position</b>					<b>\$ 851,701</b>	<b>\$ 562,229</b>	<b>\$ 1,413,930</b>
Net Position — January 1, 2018					6,728,396	2,306,115	9,034,511
Prior Period Adjustment					-	(163,972)	(163,972)
<b>Net Position — December 31, 2018</b>					<b>\$ 7,580,097</b>	<b>\$ 2,704,372</b>	<b>\$ 10,284,469</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

**EXHIBIT C**

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 181,923	\$ 1,151,706	\$ 275,678	\$ 1,609,307
Investments	219	-	-	219
Due from Other Governmental Units	28,317	-	-	28,317
Due from Other Funds	841,647	1,258,081	670,642	2,770,370
Taxes Receivable (Net)	464,272	18,003	-	482,275
Other Accounts Receivable	60,941	-	11,772	72,713
<b>TOTAL ASSETS</b>	<b>\$ 1,577,319</b>	<b>\$ 2,427,790</b>	<b>\$ 958,092</b>	<b>\$ 4,963,201</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 106,240	\$ 330,273	\$ -	\$ 436,513
Payroll Payable	97,760	-	-	97,760
Payroll Withholdings	6,651	-	-	6,651
Due To Other Funds	779,035	75,400	770,823	1,625,258
<b>TOTAL LIABILITIES</b>	<b>\$ 989,686</b>	<b>\$ 405,673</b>	<b>\$ 770,823</b>	<b>\$ 2,166,182</b>
 <b>DEFERRED INFLOW OF RESOURCES:</b>				
Delinquent Real Estate Taxes	\$ 409,814	\$ -	\$ -	\$ 409,814
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 409,814</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 409,814</b>
 <b>FUND BALANCES:</b>				
Restricted:				
Highway Aid Fund	\$ -	\$ -	\$ 187,269	\$ 187,269
Assigned:				
General Fund	205,849	-	-	205,849
Road Construction and Maintenance Fund	-	639,197	-	639,197
Building Fund	-	5,671	-	5,671
Fire Fund	-	825,306	-	825,306
Capital Improvement Fund	-	551,943	-	551,943
Unassigned (Deficit)	(28,030)	-	-	(28,030)
<b>TOTAL FUND BALANCES</b>	<b>\$ 177,819</b>	<b>\$ 2,022,117</b>	<b>\$ 187,269</b>	<b>\$ 2,387,205</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,577,319</b>	<b>\$ 2,427,790</b>	<b>\$ 958,092</b>	<b>\$ 4,963,201</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

**Total Fund Balances - Governmental Funds** \$ 2,387,205

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$11,752,093, and the accumulated depreciation is \$6,198,568. 5,553,525

Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures (i.e., within 90 days of year-end), are deferred and not recognized as revenue in governmental funds. 409,814

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions 1,198,241

Deferred inflows of resources related to pensions (976,402)

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

Long-term liabilities at year end consist of:

Notes payable	\$ 504,782	
Leases payable	28,024	
Net pension asset	(51,116)	
Net pension liability	186,575	
Compensated absences	324,021	
	(992,286)	(992,286)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 7,580,097**

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 3,489,548	\$ 1,414,045	\$ -	\$ 4,903,593
Licenses and Permits	77,392	-	-	77,392
Fines and Forfeitures	40,864	-	-	40,864
Interest and Rents	67,660	12,920	2,318	82,898
Intergovernmental	172,330	-	124,455	296,785
Contributions and Donations	7,000	50,200	-	57,200
Charges for Services	483,949	62,617	-	546,566
Miscellaneous	212,482	1,613	-	214,095
<b>Total Revenue</b>	<b>\$ 4,551,225</b>	<b>\$ 1,541,395</b>	<b>\$ 126,773</b>	<b>\$ 6,219,393</b>
<b><u>EXPENDITURES</u></b>				
General Government	\$ 993,886	\$ 61,550	\$ -	\$ 1,055,436
Public Safety	1,930,210	61,908	-	1,992,118
Public Works	1,094,320	577,843	3,052	1,675,215
Culture and Recreation	189,351	65,000	-	254,351
Debt Service	121,723	43,210	83,196	248,129
<b>Total Expenditures</b>	<b>\$ 4,329,490</b>	<b>\$ 809,511</b>	<b>\$ 86,248</b>	<b>\$ 5,225,249</b>
<b>Excess ( Deficiency) of Revenue over Expenditures</b>	<b>\$ 221,735</b>	<b>\$ 731,884</b>	<b>\$ 40,525</b>	<b>\$ 994,144</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating Transfers In	\$ 74,284	\$ 1,079	\$ 83,196	\$ 158,559
Sale of Fixed Assets	-	2,600	-	2,600
Operating Transfers Out	(84,275)	-	(74,284)	(158,559)
Refund Prior Year Receipts	(51,611)	-	-	(51,611)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (61,602)</b>	<b>\$ 3,679</b>	<b>\$ 8,912</b>	<b>\$ (49,011)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 160,133</b>	<b>\$ 735,563</b>	<b>\$ 49,437</b>	<b>\$ 945,133</b>
FUND BALANCE - JANUARY 1, 2018	234,627	1,069,613	137,832	1,442,072
Prior Period Adjustment	(216,941)	216,941	-	-
<b>FUND BALANCE - DECEMBER 31, 2018</b>	<b>\$ 177,819</b>	<b>\$ 2,022,117</b>	<b>\$ 187,269</b>	<b>\$ 2,387,205</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 945,133

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$459,654) exceeds capital outlays (\$101,877). (357,777)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 78,528

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (43,255)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 217,736

Because certain property and wage taxes will not be collected for several months after the Borough's year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflow of resources decreased during the calendar year 2018. 20,701

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This is the amount by which compensated absences earned exceeded the amount paid. (9,365)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 851,701**

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,472,550	\$ 3,472,550	\$ 3,489,548	\$ 16,998
Licenses and Permits	102,700	102,700	77,392	(25,308)
Fines and Forfeitures	52,000	52,000	40,864	(11,136)
Interest and Rents	20,000	20,000	67,660	47,660
Intergovernmental	194,700	194,700	172,330	(22,370)
Charges for Services	500,930	500,930	483,949	(16,981)
Miscellaneous	75,765	75,765	219,482	143,717
<b>Total Revenues</b>	<b>\$ 4,418,645</b>	<b>\$ 4,418,645</b>	<b>\$ 4,551,225</b>	<b>\$ 132,580</b>
<b>EXPENDITURES</b>				
General Government	\$ 1,003,164	\$ 1,003,164	\$ 993,886	\$ 9,278
Public Safety	1,889,986	1,889,986	1,930,210	(40,224)
Public Works	1,301,970	1,301,970	1,094,320	207,650
Culture and Recreation	171,177	171,177	189,351	(18,174)
Debt Service	115,751	115,751	121,723	(5,972)
<b>Total Expenditures</b>	<b>\$ 4,482,048</b>	<b>\$ 4,482,048</b>	<b>\$ 4,329,490</b>	<b>\$ 152,558</b>
<b>Excess ( Deficiency) of Revenues over Expenditures</b>	<b>\$ (63,403)</b>	<b>\$ (63,403)</b>	<b>\$ 221,735</b>	<b>\$ 285,138</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	\$ 195,000	\$ 195,000	\$ 74,284	\$ (120,716)
Operating Transfers Out	(123,197)	(123,197)	(84,275)	38,922
Refund of Prior Year Receipts	(8,400)	(8,400)	(51,611)	(43,211)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 63,403</b>	<b>\$ 63,403</b>	<b>\$ (61,602)</b>	<b>\$ (125,005)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,133</b>	<b>\$ 160,133</b>
FUND BALANCE - JANUARY 1, 2018	-	-	234,627	234,627
Prior Period Adjustment	-	-	(216,941)	(216,941)
<b>FUND BALANCE - DECEMBER 31, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,819</b>	<b>\$ 177,819</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND - SEWER FUND**  
**DECEMBER 31, 2018**

**ASSETS****Current Assets:**

Cash and Cash Equivalents	\$ 219,164
Sewer Receivable	285,757
Due from Other Funds	46,736
Other Accounts Receivable	53,571
<b>Total Current Assets</b>	<b><u>\$ 605,228</u></b>

**Noncurrent Assets:**

Buildings	\$ 3,718,740
Equipment	2,239,641
Storm Sewers	6,434,453
Headworks Dewatering Project	6,253,893
Boundary Street Pump Station	667,009
Vehicles	163,499
Accumulated Depreciation	(5,182,444)
<b>Total Noncurrent Assets</b>	<b><u>\$ 14,294,791</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,900,019</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Interest on Refunding	\$ 316,832
Deferred Outflows Related to Pensions	147,941
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 464,773</u></b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 15,364,792</u></b>

**LIABILITIES****Current Liabilities:**

Accounts Payable	\$ 59,381
Payroll Payable	14,503
Due to Other Governmental Units	6,862
Due to Other Funds	1,191,848
Current Portion Long-Term Debt	916,667
<b>Total Current Liabilities</b>	<b><u>\$ 2,189,261</u></b>

**Noncurrent Liabilities:**

Bonds Payable - Long term portion (Net)	\$ 8,805,348
Notes Payable - Long term portion	1,458,332
Net Pension Liability	63,311
Compensated Absences	28,605
<b>Total Noncurrent Liabilities</b>	<b><u>\$ 10,355,596</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 12,544,857</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	\$ 115,563
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>\$ 115,563</u></b>

**NET POSITION**

Net Investment in Capital Assets	\$ 3,431,276
Unrestricted (Deficit)	(726,904)
<b>TOTAL NET POSITION</b>	<b><u>\$ 2,704,372</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 15,364,792</u></b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND - SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

<b><u>OPERATING REVENUES:</u></b>	
Sewer Rentals	\$ 2,245,600
<b>Total Operating Revenues</b>	<b><u>\$ 2,245,600</u></b>
<b><u>OPERATING EXPENSES:</u></b>	
Salaries and Wages	\$ 252,044
Employee Benefits	89,393
Materials and Supplies	10,424
Chemicals	38,532
Collection Fees - Sewickley Water Authority	63,820
Vehicle	2,360
Engineering	64,097
Insurance	70,532
Utilities	137,049
Uniforms	4,146
Repair and Maintenance	65,951
Contracted Services	35,722
Sludge Disposal	17,208
Sewer Rehab.	24,008
Depreciation	440,382
Miscellaneous	10,596
<b>Total Operating Expenses</b>	<b><u>\$ 1,326,264</u></b>
<b>TOTAL OPERATING INCOME &lt;LOSS&gt;</b>	<b><u>\$ 919,336</u></b>
<b><u>NON-OPERATING REVENUE &lt;EXPENSE&gt;:</u></b>	
Interest Income	\$ 2,113
Interest Expense	(359,220)
<b>TOTAL NON-OPERATING REVENUE &lt;EXPENSE&gt;</b>	<b><u>\$ (357,107)</u></b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 562,229</b>
NET POSITION - JANUARY 1, 2018	2,306,115
Prior Period Adjustment	<u>(163,972)</u>
<b>NET POSITION - DECEMBER 31, 2018</b>	<b><u>\$ 2,704,372</u></b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from user charges	\$ 2,220,537
Cash paid to employees for wages and benefits	(343,325)
Cash paid to vendors for goods and services	(442,407)
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 1,434,805</u></b>

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

Capital construction and purchases	\$ (27,750)
Bond and note principal payments	(874,392)
Interest Paid on Debt Obligations	(343,346)
<b>Net cash provided (used) by capital and related financing activities</b>	<b><u>\$ (1,245,488)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest Income	\$ 2,113
<b>Net cash provided (used) by investing activities</b>	<b><u>\$ 2,113</u></b>

<b>Net increase (decrease) in cash and cash equivalents</b>	191,430
<b>Cash and cash equivalents - January 1, 2018</b>	<u>27,734</u>
<b>Cash and cash equivalents - December 31, 2018</b>	<b><u>\$ 219,164</u></b>

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

Operating Income (Loss)	\$ 919,336
Adjustments to reconcile excess revenues over expenditures provided by (used in) operating activities:	
Depreciation	440,382
Accrual of GASB 68 Pension Expense	(32,995)
Changes in assets and liabilities:	
(Increase) decrease in sewer receivables	11,781
(Increase) decrease in due from other funds	(36,844)
(Increase) decrease in other receivables	56,915
Increase (decrease) in accounts payable	25,499
Increase (decrease) in due to other funds	52,618
Increase (decrease) in payroll payable	3,198
Increase (decrease) in compensated absences	(5,085)
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 1,434,805</u></b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2018**

	<b>POLICE PENSION FUND</b>	<b>NON-UNIFORM PENSION FUND</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 384,578	\$ 471,597
Investments:		
Corporate/Municipal Obligations	1,759,793	1,472,706
Equity Securities	3,288,178	2,618,057
Accrued Interest	15,611	13,772
<b>TOTAL ASSETS</b>	<b><u>\$ 5,448,160</u></b>	<b><u>\$ 4,576,132</u></b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Other Current Liabilities	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
 <b>NET POSITION</b>		
Restricted for Pension Benefits	\$ 5,448,160	\$ 4,576,132
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,448,160</u></b>	<b><u>\$ 4,576,132</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 5,448,160</u></b>	<b><u>\$ 4,576,132</u></b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>POLICE PENSION FUND</b>	<b>NON-UNIFORM PENSION FUND</b>
<b>ADDITIONS</b>		
Interest/Dividends	\$ 126,537	\$ 104,982
Realized Gains/(Losses)	488,691	375,847
Unrealized Depreciation	(897,078)	(704,458)
Employer Contributions	82,241	213,711
<b>TOTAL ADDITIONS</b>	<b>\$ (199,609)</b>	<b>\$ (9,918)</b>
<b>DEDUCTIONS</b>		
Benefit Payments	\$ 192,924	\$ 139,504
Administrative Expenses	29,647	24,153
<b>TOTAL DEDUCTIONS</b>	<b>\$ 222,571</b>	<b>\$ 163,657</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ (422,180)</b>	<b>\$ (173,575)</b>
<b>NET POSITION - JANUARY 1, 2018</b>	<b>5,870,340</b>	<b>4,749,707</b>
<b>NET POSITION - DECEMBER 31, 2018</b>	<b>\$ 5,448,160</b>	<b>\$ 4,576,132</b>

The accompanying notes are an integral part of these financial statements

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

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

The financial statements of the Borough of Sewickley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the Borough's accounting policies are as follows:

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Borough of Sewickley consists of all funds, departments, boards and agencies that are not legally separate from the Borough. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the Borough's reporting entity because of the significance of their operating or financial relationships with the Borough. Based on the application of these criteria, the Borough of Sewickley has no component units.

**BASIS OF PRESENTATION**

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

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

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**BASIS OF PRESENTATION (Continued)**

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

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

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

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the Borough. The focus of governmental and enterprise financial statements is on major funds rather than reporting funds by type. Major funds represent the Borough's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. Each major fund is presented in a separate column. In Exhibit C, non-major funds, if applicable, are segregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**FUND ACCOUNTING**

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

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

**MAJOR GOVERNMENTAL FUNDS:**

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

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

**NON-MAJOR GOVERNMENTAL FUNDS:**

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

**SINKING FUND** – (DEBT SERVICE FUND) – Established to account for debt service requirements on the Borough's general obligation bond and note issues.

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

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

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

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

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

The management of the Borough of Sewickley has determined that the revenues most susceptible to accrual at December 31, 2018 are **1)** delinquent real estate taxes earned by the Borough in December of 2018 **2)** deed transfer taxes and vehicle code violations earned by the Borough in December of 2018 **3)** certain taxpayer assessed Act 511 taxes, **4)** sewer fees billed to the Borough residents and collected in January 2019 **5)** cable franchise fees earned during the year, and **6)** other miscellaneous revenues estimable and available to the Borough for 2018 but not as yet collected at December 31, 2018. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2018 are those for which the Borough's intention was to expense these items as budgeted for in the 2018 official budget, and for which the Borough has incurred an obligation during 2018, but has not paid as of December 31, 2018.

**ESTIMATES**

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**BUDGETS**

In November of 2017, the Borough of Sewickley adopted its 2018 annual budget for its General Fund totaling \$4,613,645 in accordance with the provisions of the Commonwealth of Pennsylvania Borough Code. The budget is prepared utilizing the modified accrual method of accounting in accordance with generally accepted accounting principles. Budgetary transfers among various expenditure line items are performed as approved by Borough Council. The adjusted budgetary amounts, if any, are reflected in these financial statements (Exhibit G). All appropriations lapse at the end of each calendar year.

**CASH AND CASH EQUIVALENTS**

For purposes of the accompanying financial statements, cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

**INVESTMENTS**

Provisions of the Borough Code authorize the following investments:

- I. U.S. Treasury Bills.
- II. Short-term obligations of the United States Government of its agencies or instrumentalities
- III. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation and National Credit Union Share Insurance Fund.
- IV. Obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth of Pennsylvania, or any of their agencies or instrumentalities backed by the full faith and credit of the governmental units.
- V. Shares of an investment company registered under the Investment Company Act of 1940, and registered under the Securities Act of 1933.
- VI. Any investment authorized by 20 Pa. C.S. Ch. 73 relating to fiduciaries investments.

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

**RECEIVABLES**

Sewage receivables are reflected at net realizable value as of December 31, 2018.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the balance sheet. Please see Note 6 for further details.

**CAPITAL ASSETS AND DEPRECIATION**

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

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

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

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

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

**COMPENSATED ABSENCES (Vacation/Sick Leave)**

The Borough reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Unused vacation, sick and personal days for the Borough employees are accrued at their respective hourly rates of pay per each bargaining contract. The entire compensated absences liability of \$352,626 is shown as a long-term liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

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

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Borough of Sewickley, these revenues are sewer usage charges and other miscellaneous revenues directly related to the operations of the Borough's Sewer Fund. Operating expenses are the necessary costs incurred to operate the Borough's sewer system. Non-operating revenues of the Boroughs sewer fund consist mainly of investment earnings. Non-operating expenses consist of interest expense related to the Borough's bond and loan obligations.

**UNEARNED REVENUE**

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

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental or proprietary fund financial statements in the year paid. During the 2018 calendar year, the Borough did not incur any bond issuance and other financing costs.

**NET POSITION**

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

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**NET POSITION (Continued)**

- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted net position represents the balance of funds in the Borough's Highway Aid Fund restricted under Act 655 of the Commonwealth of Pennsylvania.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. The Borough's Sewer Fund has an unrestricted deficit net position balance of \$726,904 as of December 31, 2018.

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

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

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

**FUND EQUITY**

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

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance represents the balance of funds in the Borough's Highway Aid Fund restricted under Act 655 of the Commonwealth of Pennsylvania.
- Committed fund balance – amount constrained to specific purposes by the Borough itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the Borough intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amount that are available for any purpose.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**FUND EQUITY (Continued)**

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

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

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

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the Borough's 2018 financial statements where applicable. Except where noted, the adoption of these pronouncements did not have a significant impact on the Borough's financial statements.

The GASB issued Statement No. 85, '*Omnibus 2017*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The GASB issued Statement No. 86, '*Certain Debt Extinguishment Issues*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information.

**PENDING GASB PRONOUNCEMENTS**

In November of 2016, the GASB issued Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

In January of 2017, the GASB issued Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

In June of 2017, the GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

In March 9 of 2018, the GASB issued Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

In June of 2018, the GASB issued Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

In August of 2018, the GASB issued Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the Borough's December 31, 2019 financial statements.

The effects of implementing the aforementioned GASB Statements on the Borough's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At December 31, 2018, the Borough of Sewickley had the following carrying values on its cash and cash equivalent accounts:

	<b>Bank Balance</b>	<b>(Memo Only) Book Balance</b>
General Fund	\$ 201,400	\$ 181,923
Capital Project Fund	1,182,906	1,151,706
Non-Major Funds	275,678	275,678
Sewer Fund	220,206	219,164
Fiduciary Funds	856,175	856,175
<b>Total</b>	<b>\$ 2,736,365</b>	<b>\$ 2,684,646</b>

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**CASH DEPOSITS (Continued):**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a separate policy for custodial credit risk in addition to the requirements of the Borough Code. As of December 31, 2018, \$2,486,365 of the Borough's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Borough's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the Borough's investments as of December 31, 2018 is as follows:

	<u>Fair Value</u>	<u>No Stated Maturity</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<b>Governmental Funds:</b>				
PLGIT	\$ 219	\$ 219	-	-
<b>Fiduciary Funds:</b>				
Common Stocks	\$ 2,599,867	\$ 2,599,867	-	-
Equity Funds	3,306,368	3,306,368	-	-
Fixed Income	3,232,499	1,092,213	1,539,561	600,725
	<u>\$ 9,138,734</u>	<u>\$ 6,998,448</u>	<u>\$ 1,539,561</u>	<u>\$ 600,725</u>

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

**Custodial Credit Risk:**

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**INVESTMENTS (Continued):**

**Interest Rate Risk:**

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

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough has no formal investment policy, in addition to the requirements of the Borough Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of December 31, 2018, PLGIT was rated AAAM by the Standards & Poors nationally recognized statistical rating organization. Ratings were unavailable for the Borough's corporate obligations at December 31, 2018.

**Fair Value Measurements:**

The Borough of Sewickley's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes
- **Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data
- **Level 3** – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the Borough by level within the fair value hierarchy:

	<b>Value at 12/31/2018</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common Stock	\$ 2,599,867	\$ -	\$ 2,599,867	\$ -
Equity Funds	3,306,368	-	3,306,368	-
Fixed Income	3,232,499	-	3,232,499	-
	<u>\$ 9,138,734</u>	<u>\$ -</u>	<u>\$ 9,138,734</u>	<u>\$ -</u>

Investments held in external investment pools such as PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - PROPERTY TAXES**

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

**PAYMENT PERIOD**

March 1 – April 30, 2018	(Discount period)
May 1 – June 30, 2018	(Face period)
July 1 and after	(Penalty period)

The tax millage assessment for the 2018 calendar year is 6.25 mills on the assessed value of land and buildings, which represents \$6.25 of revenue for every \$1,000 of assessed value. The Borough's millage is dedicated for the following purposes:

General Municipal Purposes	3.74
Road Projects and Maintenance Purposes	1.80
Capital Improvement Purposes	0.50
Restricted Reserve Purposes	0.46
	6.50
	6.50

Taxpayers are entitled to a 2% discount if taxes are paid prior to May 1st. Collections after June 30th are assessed a 10% penalty. Taxes unpaid as of December of the year following levy are liened through Allegheny County and collected by Jordan Tax Service. As of December 31, 2018, \$128,560 of 2018 real estate taxes are unpaid which represents 4.0% of the total assessed property taxes for 2018.

Delinquent real estate taxes receivable (Note 4) is reduced by a 25% allowance for uncollectable amounts as deemed appropriate by Borough management. This 25% allowance is set up as an estimate of amounts due for real estate taxes that date back to decades ago which management believes may not be collected or will be collected years into the future. For purposes of the governmental fund financial statements, a portion of the above property taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount of \$409,814 is equally off-set as a credit to 'deferred inflow of resources' in the fund financial statements (Exhibit C).

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position and the changes in fund balances to the changes in net position. Taxes receivable are comprised of the following at December 31, 2018:

Delinquent real estate	\$ 409,814
Deed transfer taxes	17,212
Local service tax	791
Act 77 sales tax	10,073
Earned income tax	41,192
Business privilege	3,193
	<b>\$ 482,275</b>

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 – OTHER RECEIVABLES**

Other receivables, as reflected in Exhibits A and C, consist of the following at December 31, 2018:

	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>
Cable franchise fees	\$ 13,859	\$ -
Municipal fines	1,077	-
Police Services	37,960	-
Sewer Service Fees	11,772	53,571
Miscellaneous	8,045	
	<b><u>\$ 72,713</u></b>	<b><u>\$ 53,571</u></b>

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

The 'due from other governmental units' total of \$28,317, as reflected in Exhibits A and C, represents amounts earned by and due the Borough of Sewickley for 20187 from other governmental agencies as follows:

Osborne Secretarial/Code services	\$ 15,074
Police Reimbursement	9,158
Rent	2,983
Fuel/Telephone	1,102
	<b><u>\$ 28,317</u></b>

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

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) and proprietary fund statement of net position (Exhibit H) are comprised of the following:

	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
General Fund	\$ 841,647	\$ 779,035
Capital Project Funds	1,258,081	75,400
Non-Major Governmental Funds	670,642	770,823
Proprietary Fund	46,736	1,191,848
	<b><u>\$ 2,817,106</u></b>	<b><u>\$ 2,817,106</u></b>

During the 2018 calendar year, the General Fund transferred \$1,079 and \$83,196 to the Capital Project Fund and Sinking Fund respectively for capital projects and long-term debt obligations. The Highway Aid Fund transferred \$74,284 to the General Fund.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2018 calendar year was as follows:

	<b>Balance 1/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2018</b>
<b>Governmental Activities</b>				
Land	\$ 1,237,904	\$ -	\$ -	\$ 1,237,904
Infrastructure	4,318,676	15,308	-	4,333,984
Site Improvements	1,854,670	-	-	1,854,670
Buildings and Improvements	1,119,277	-	-	1,119,277
Machinery and Equipment	820,603	-	-	820,603
Vehicles	2,325,718	90,003	(30,066)	2,385,655
Construction in Progress	3,434	-	(3,434)	-
	<u>\$ 11,680,282</u>	<u>\$ 105,311</u>	<u>\$ (33,500)</u>	<u>\$ 11,752,093</u>
<b>Less: Accumulated depreciation</b>				
Infrastructure	\$ (1,955,069)	\$ (180,565)	\$ -	\$ (2,135,634)
Site Improvement	(806,367)	(80,242)	-	(886,609)
Buildings and Improvements	(699,915)	(28,384)	-	(728,299)
Machinery and Equipment	(698,350)	(25,755)	-	(724,105)
Vehicles	(1,609,279)	(144,708)	30,066	(1,723,921)
	<u>\$ (5,768,980)</u>	<u>\$ (459,654)</u>	<u>\$ 30,066</u>	<u>\$ (6,198,568)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 5,911,302</u></b>	<b><u>\$ (354,343)</u></b>	<b><u>\$ (3,434)</u></b>	<b><u>\$ 5,553,525</u></b>
	<b>Balance 1/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2018</b>
<b>Business-Type Activities</b>				
Buildings	\$ 3,718,740	\$ -	\$ -	\$ 3,718,740
Equipment	2,211,891	27,750	-	2,239,641
Storm Sewers	6,434,453	-	-	6,434,453
Headworks Dewatering Project	6,253,893	-	-	6,253,893
Boundary Street Pump Station	667,009	-	-	667,009
Vehicles	163,499	-	-	163,499
Construction in Progress	163,972	-	(163,972)	-
	<u>\$ 19,613,457</u>	<u>\$ 27,750</u>	<u>\$ (163,972)</u>	<u>\$ 19,477,235</u>
Less: Accumulated Depreciation	(4,742,062)	(440,382)	-	(5,182,444)
<b>Business-Type Activities Capital Assets, Net</b>	<b><u>\$ 14,871,395</u></b>	<b><u>\$ (412,632)</u></b>	<b><u>\$ (163,972)</u></b>	<b><u>\$ 14,294,791</u></b>

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

Depreciation expense was allocated to governmental functions as follows:

General Administration	\$	17,625
Police		34,577
Fire		63,638
Public Works		258,508
Culture and Recreation		85,306
		<b>\$ 459,654</b>

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS – GOVERNMENTAL FUNDS**

**NOTES PAYABLE – SERIES OF 2013**

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

A schedule of the December 31, 2018 debt service requirements on the General Fund's general obligation notes are as follows:

<u>Year End</u> <u>31-Dec</u>	<u>2013 GON</u> <u>Principal</u>	<u>2013 GON</u> <u>Interest</u>	<u>Total</u>
2019	\$ 96,222	\$ 14,381	\$ 110,603
2020	99,267	11,336	110,603
2021	102,409	8,194	110,603
2022	105,651	4,952	110,603
2023	101,234	1,609	102,843
	<b>\$ 504,783</b>	<b>\$ 40,472</b>	<b>\$ 545,255</b>

**LEASE PURCHASE OBLIGATION**

In March of 2018, the Borough of Sewickley entered into a lease-purchase agreement with Ford Motor Credit Company in the amount of \$43,255.25. The purpose of the lease is to finance the purchase of a 2017 Ford Police Interceptor Utility vehicle over a period of three years. The terms of the lease call for the payment of three consecutive annual installments of \$15,231.60. The interest rate on the lease is 5.75%.

<u>Year End</u> <u>31-Dec</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,620	\$ 1,612	\$ 15,232
2020	14,404	828	15,232
	<b>\$ 28,024</b>	<b>\$ 2,440</b>	<b>\$ 30,464</b>

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS – GOVERNMENTAL FUNDS (Continued)**

**TAX ANTICIPATION NOTE – SERIES 2018**

In January of 2018, the Borough of Sewickley issued a Tax Anticipation Note – Series of 2018 in the amount of \$1,000,000 to First National Bank at an interest rate of 1.85%. The Borough repaid the note as of December 31, 2018.

**NOTE 9 – LONG-TERM DEBT OBLIGATIONS - PROPRIETARY FUNDS**

**BONDS PAYABLE – SERIES OF 2015**

In November of 2015, the Borough of Sewickley issued General Obligation Bonds – Series of 2015 in the amount of \$9,880,000 to advance refund the outstanding principal amount due on the Borough's General Obligation Bonds - Series A, B, and C of 2011, and to pay all costs incurred with the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable semi-annually on June 1 and December 1 at rates ranging between .45 and 4.0%. The bonds provide for early redemption features on or after December 1, 2020. The Bonds are scheduled to mature on December 1, 2040 and are secured by the full faith and taxing power of the Borough. Management has determined that the General Fund is responsible for approximately \$242,929 of the debt service obligation and the Sewer Fund is responsible for the remaining balance of \$9,637,071. The General Fund's portion of this debt service obligation was satisfied during 2018.

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

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

**NOTES PAYABLE – SERIES OF 2012**

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – LONG-TERM DEBT OBLIGATIONS - PROPRIETARY FUNDS (Continued)**

A schedule of the December 31, 2018 debt service requirements on the Sewer Fund's general obligation bonds and notes are as follows:

<b>Year End 31-Dec</b>	<b>2015 Principal</b>	<b>2014A Principal</b>	<b>2014B Principal</b>	<b>2012 Principal</b>	<b>Interest</b>
2019	\$ 435,000	\$ 190,000	\$ -	\$ 291,667	\$ 309,464
2020	440,000	210,000	-	291,667	277,969
2021	465,000	220,000	-	291,667	245,303
2022	475,000	130,000	75,000	291,667	220,855
2023	485,000	-	215,000	291,666	197,021
2024-2028	2,580,000	-	-	291,666	749,027
2029-2033	1,745,000	-	-	-	412,315
2034-2038	1,165,000	-	-	-	213,308
2039-2040	520,000	-	-	-	27,475
	<b><u>\$ 8,310,000</u></b>	<b><u>\$ 750,000</u></b>	<b><u>\$ 290,000</u></b>	<b><u>\$ 1,750,000</u></b>	<b><u>\$ 2,652,737</u></b>

**NOTE 10 – CHANGES IN LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the Borough's long-term liabilities during the 2018 calendar year:

	<b>Balance 1/1/2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2018</b>	<b>Due Within One Year</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds	\$ 82,276	\$ -	\$ 82,276	\$ -	\$ -
General Obligation Notes	598,052	-	93,270	504,782	96,222
Lease Purchase Obligations	26,958	43,256	42,190	28,024	13,620
Compensated Absences	314,655	46,760	37,394	324,021	-
Net Pension Liability	(661,359)	796,818	-	135,459	-
<b>Total long-term debt - Governmental activities</b>	<b><u>\$ 360,582</u></b>	<b><u>\$ 886,834</u></b>	<b><u>\$ 255,130</u></b>	<b><u>\$ 992,286</u></b>	<b><u>\$ 109,842</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds	\$ 9,932,724	\$ -	\$ 582,724	\$ 9,350,000	\$ 625,000
General Obligation Notes	2,041,666	-	291,666	1,750,000	291,667
Compensated Absences	33,690	-	5,085	28,605	-
Net Pension Liability	15,885	47,426	-	63,311	-
<b>Total long-term debt - Business-Type Activities</b>	<b><u>\$ 12,023,965</u></b>	<b><u>\$ 47,426</u></b>	<b><u>\$ 879,475</u></b>	<b><u>\$ 11,191,916</u></b>	<b><u>\$ 916,667</u></b>

**NOTE 11 – OPERATING LEASE**

In January of 2017, the Borough of Sewickley entered into an operating lease agreement with JCB Finance for a backhoe loader over a period of five years. The terms of the lease call for the monthly payments of \$666.18. Lease payments for the calendar year 2018 totaled \$6,662.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 12 - BOROUGH PENSION PLANS**

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

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

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

- PARTICIPANTS** - All permanent members of the Borough of Sewickley police department.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 25 years of aggregate service as a full-time Borough employee and have attained the age of 50.
- EARLY RETIREMENT** 20 years of service
- EARLY RETIREMENT PENSION** Accrued benefit actuarially reduced
- BENEFITS** - Based on one-half of the participant's average monthly salary earned during the final 36 months of employment at retirement plus a service increment.
- VESTING** - Participants are entitled to a vested deferred benefit after 12 years of service.
- POST RETIREMENT DEATH BENEFITS** - 50% of pension participant was receiving or would have been receiving had he/she been retired at death, payable to spouse until death or to children under age 18 or age 23 if attending college.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**POLICE PENSION PLAN (Continued)**

**PRE-RETIREMENT**

**DEATH BENEFITS** - Prior to retirement, a widow or child(ren) under the age of 18, or 23 if attending college, shall be entitled to receive repayment of all money which the member invested in the pension fund plus interest, unless the member has designated another beneficiary for this purpose.

**SERVICE-RELATED TOTAL**

**AND PERMANENT**

**DISABILITY** - 50% of salary at disability less social security disability benefits.

**POST RETIREMENT**

**COLA BENEFIT** -

For active participants retiring on or after January 1, 2001, the monthly benefit after retirement will be increased annually based on the CPI to a maximum of 10% of the original monthly benefit.

**FUNDING** -

Employee contributions are currently not required. Borough contributions are determined by the Actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program.

**GENERAL EMPLOYEES' PENSION PLAN** - The Borough of Sewickley's general employees' pension plan, established on March 1, 1974, is a single-employer defined benefit pension plan established to provide retirement benefits to qualified non-uniformed employees under the provisions governing pension plans in the Commonwealth of Pennsylvania and Borough Council ordinances. The plan is governed by the members of Borough Council who are responsible for the management of plan assets. Council has delegated the authority to manage certain plan assets to Guyasuta Investment Advisors. FNB Wealth Management is the custodian of the funds.

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

**PARTICIPANTS** - All full-time employees of the Borough of Sewickley other than police and the Borough manager.

**ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed 5 years of aggregate service as a Borough employee and have attained the age of 65.

**BENEFITS** - Based on 1.95% of the participant's average monthly salary earned during the final 36 months of employment at retirement multiplied by years of service.

**EARLY RETIREMENT** Age 55 and 10 years of service

**EARLY RETIREMENT**

**PENSION**

Accrued benefit unreduced for early commencement

**TOTAL AND PERMANENT**

**DISABILITY** -

Accrued benefit at disablement date

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**GENERAL EMPLOYEES' PENSION PLAN (Continued)**

- TERMINATION** - The plan provides terminated employees with a return of their contribution plus interest.
- VESTING** - Participants are entitled to a vested deferred benefit (100%) after 5 years of service.
- FUNDING** - Employee contributions are currently not required. Borough contributions are determined by the actuary. Annual contributions are received from the Commonwealth as provided by Act 205, the General Municipal Pension System State Aid Program.

Plan membership as of January 1, 2019 was comprised of:

	<b>POLICE</b>	<b>GENERAL</b>
Active employees	11	12
Retirees and beneficiaries currently receiving benefits	7	12
Terminated employees entitled to benefits but not yet receiving them	1	5
Total	19	29

**PENSION PLAN INVESTMENT POLICY**

The purpose of the Investment Policy Statement (IPS) is to set forth the objectives, policies, and guidelines for the investment of the assets of the Borough's Police and General Employees' Pension Plans. Borough Council reserves the right to establish or amend any or all portions of the IPS. The IPS defines target allocations for the plan assets as reflected under the Long-Term Expected Rate of Return on Investments.

As of the current year, the investment manager's stated allocations are as follows:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed Income	35.0%
Equities	60.0%
Cash	5.0%

Additional information on the Investment Policy of the fund, including allowable asset classes, concentrations, and risk control measures can be found in the formal IPS which may be requested from the Borough or Investment Consultant.

**NET PENSION LIABILITY**

The Borough of Sewickley's net pension liability for both the police and general employees' pension plans was measured as of December 31, 2018. Total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement based on census data as of January 1, 2019:

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**NET PENSION LIABILITY (Continued)**

- Actuarial Cost Method – Entry Age Normal
- Investment Rate of Return – 7%
- Projected Salary Increases – 5%
- Cost of Living Adjustments – 4% (Police), N/A (General Employees)
- Mortality Table – RP 2006 Fully Generational Mortality Table Projected to the Valuation Date
- Employee Termination – None
- Retirement (Police) – 100% at age 54 with 25 years of service
- Retirement (General) - 100% at earlier of age 60 and 10 years of service or age 65 and 5 years of service
- Disability - None
- Asset Valuation Method – Market Value
- Amortization Method – Level (Closed Period)

**LONG-TERM EXPECTED RATE OF RETURN ON INVESTMENTS**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future real rates of return is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation were provided through a poll of major investment advisory firms and are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Return By Asset Class</u>
Fixed Income	35%	2.00%	0.70%
Domestic Equity	60%	6.50%	3.90%
Cash	5%	0.00%	0%
		Total	4.60%
		Plus Inflation	2.75%
		Implied Long-term Rate of Return	7.35%
		Long-term Rate of Return on Investments Assumption Used	7.00%

There has been no change to the long-term rate of return on investments since the last report.

**DISCOUNT RATE**

The discount rate used to measure the total pension liability is 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions would continue at the current rates, expenses would continue at their current level, and that the employer would contribute the Minimum Municipal Obligation in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through the lifetime of the plan.

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**DISCOUNT RATE (Continued)**

The long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments where assets are available. For periods of projected benefit payments where assets are insufficient to meet the benefit payments, an average 20-year municipal bond rate for bonds rated Aa and above as of December 31, 2018 of 4.10% is applied. A single-level discount rate is determined that is equivalent to the two individual rates used to discount cash flows. Since assets are projected to cover all future benefit payments, the long-term expected rate of return on pension plan investments of 7% is used as the discount rate. The rate used to discount liabilities has not changed since the last report.

**CHANGES IN THE NET PENSION LIABILITY – POLICE PENSION PLAN**

	<b>Total Pension Liability ( a )</b>	<b>Plan Fiduciary Net Position ( b )</b>	<b>Net Pension Liability ( c )</b>
<b>Balance, beginning of year</b>	<b>\$ 5,164,579</b>	<b>\$ 5,870,128</b>	<b>\$ (705,549)</b>
Changes for the year:			
Service cost	112,330	-	112,330
Interest	358,702	-	358,702
Experience (gain)/loss	(175,600)	-	(175,600)
Assumption (gain)/loss	129,671	-	129,671
Plan change	-	-	-
Contributions-employer	-	82,241	(82,241)
Contributions-employee	-	-	-
Net investment income	-	(311,219)	311,219
Benefit payments	(192,865)	(192,865)	-
Actuarial costs	-	-	-
Other	-	(352)	352
Net changes	<u>232,238</u>	<u>(422,195)</u>	<u>654,433</u>
<b>Balance, End of Year</b>	<b><u>\$ 5,396,817</u></b>	<b><u>\$ 5,447,933</u></b>	<b><u>\$ (51,116)</u></b>

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**CHANGES IN THE NET PENSION LIABILITY – GENERAL EMPLOYEES’ PENSION PLAN**

	<b>Total Pension Liability ( a )</b>	<b>Plan Fiduciary Net Position ( b )</b>	<b>Net Pension Liability ( c )</b>
<b>Balance, beginning of year</b>	\$ 4,809,338	\$ 4,749,263	\$ 60,075
Changes for the year:			
Service cost	117,272	-	117,272
Interest	335,877	-	335,877
Experience (gain)/loss	(401,856)	-	(401,856)
Assumption (gain)/loss	104,363	-	104,363
Plan change	-	-	-
Contributions-employer	-	213,711	(213,711)
Contributions-employee	-	-	-
Net investment income	-	(247,500)	247,500
Benefit payments	(139,458)	(139,458)	-
Actuarial costs	-	-	-
Other	-	(366)	366
Net changes	<u>16,198</u>	<u>(173,613)</u>	<u>189,811</u>
<b>Balance, End of Year</b>	<u>\$ 4,825,536</u>	<u>\$ 4,575,650</u>	<u>\$ 249,886</u>

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the net pension liability of the Borough of Sewickley’s police and general employees’ pension plans, calculated using the discount rate of 7%, as well as what the Borough’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
Police Pension Plan	\$ 558,702	\$ (51,116)	\$ (563,875)
General Employees' Pension Plan	\$ 762,944	\$ 249,886	\$ (183,878)

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended December 31, 2018, total reported deferred outflows of resources and deferred inflows of resources related to pensions are as follows:

	----POLICE PENSION ----		-- GENERAL EMPLOYEES --	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (385,796)	\$ -	\$ (265,090)
Changes of assumptions	114,180	-	64,530	-
Net difference between projected and actual earnings on pension plan investments	<u>648,083</u>	<u>(250,045)</u>	<u>519,389</u>	<u>(191,034)</u>
TOTAL	<u>\$ 762,263</u>	<u>\$ (635,841)</u>	<u>\$ 583,919</u>	<u>\$ (456,124)</u>

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>POLICE PENSION PLAN</u>	<u>Year ended December 31,</u>	<u>GENERAL EMPLOYEES PENSION PLAN</u>
2019	\$ 28,670	2019	\$ (25,113)
2020	(25,239)	2020	(14,665)
2021	3,660	2021	51,947
2022	137,823	2022	115,626
2023+	(18,492)	2023+	-

**NOTE 13 - DEFERRED COMPENSATION PLAN**

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

**BOROUGH OF SEWICKLEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the pension benefits as described in Note 12, the Borough of Sewickley provides life insurance benefits in the amount of \$1,000 to covered employees subsequent to their retirement.

**NOTE 15 – RISK MANAGEMENT**

The Borough of Sewickley is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks, if applicable, have not exceeded commercial insurance coverage for the past three years.

**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$163,972 to the January 1, 2018 net position of the Borough's Proprietary Fund (Sewer) represents prior year costs that were capitalized as construction in progress. These costs were subsequently determined by management to be related to general operations rather than capital projects and therefore should be charged as an expense to the Borough rather than a capital asset. The prior period adjustment of \$216,941 between the Borough's General and Capital Project Funds represents management's decision to separate the activities of the Road Construction and Maintenance Fund from the General Fund.

**NOTE 17 - CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough of Sewickley, in the normal course of operations, is party to various legal matters normally associated with municipalities such as real estate tax assessment appeals, personnel wage and benefits, and other miscellaneous legal matters. The Borough is currently not involved in any formal matters of litigation. The Borough continues to review and, if required, issue property tax refunds for successful taxpayer appeals as they are resolved. Management estimates that the aggregate amount of these appeals would not be material to the financial position of the Borough as of December 31, 2018.

**STATE FUNDING**

The Borough of Sewickley's state funded programs, including its pension funds, are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The Borough is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 18 – SUBSEQUENT EVENTS**

Management has determined that there are no events subsequent to December 31, 2018 through the June 30, 2019 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require disclosure in the financial statements.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b>TAXES:</b>			
Real estate - current	\$ 1,678,550	\$ 1,672,994	\$ 2,682,720
Real estate - current (Sub Year's Budget Account)	-	205,849	-
Real estate - prior	25,000	22,896	7,982
Real estate - liened	125,000	170,708	149,046
Per capita tax	9,500	9,362	9,283
Real estate transfer tax	-	-	199,348
Earned income tax	1,265,000	1,072,483	1,026,524
LST	-	-	152,115
Business privilege tax	233,500	212,025	175,541
Act 77 revenues	130,000	122,571	116,927
Penalties & interest on delinquent taxes	6,000	659	7,135
<b>TOTAL TAXES</b>	<b>\$ 3,472,550</b>	<b>\$ 3,489,548</b>	<b>\$ 4,526,621</b>
<b>LICENSES AND PERMITS:</b>			
Amusement licenses	\$ 4,500	\$ 1,750	\$ 2,000
Cable franchise license	92,000	73,442	82,074
Tree expert License	200	200	200
Street permits	6,000	2,000	1,750
<b>TOTAL LICENSES AND PERMITS</b>	<b>\$ 102,700</b>	<b>\$ 77,392</b>	<b>\$ 86,024</b>
<b>FINES AND FORFEITURES:</b>			
Motor vehicle code violations	\$ 30,000	\$ 15,819	\$ 19,283
Parking violations	8,000	17,312	20,371
Non-Traffic Citations	14,000	7,733	7,805
<b>TOTAL FINES AND FORFEITURES</b>	<b>\$ 52,000</b>	<b>\$ 40,864</b>	<b>\$ 47,459</b>
<b>INTEREST AND RENTS:</b>			
Interest	\$ -	\$ 993	\$ 961
Rents	20,000	16,668	46,930
Parking Authority	-	50,000	137,500
<b>TOTAL INTEREST AND RENTS</b>	<b>\$ 20,000</b>	<b>\$ 67,660</b>	<b>\$ 185,391</b>
<b>INTERGOVERNMENTAL:</b>			
PURTA	\$ 5,200	\$ -	\$ -
Liquor licenses	2,400	2,400	2,600
Municipal pension state aid	156,000	140,532	156,001
Foreign fire insurance	29,500	27,143	29,320
Act 13 gas	1,600	2,256	1,632
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 194,700</b>	<b>\$ 172,330</b>	<b>\$ 189,553</b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<b><u>CHARGES FOR SERVICES:</u></b>			
Osborne admin services	\$ 64,000	\$ 58,378	\$ 64,909
Zoning permits	4,500	550	-
Engineering review	500	-	-
Zoning hearing fees	4,000	6,050	6,940
Sale of Ordinances	-	-	40
No lien letter	4,500	5,215	4,765
Street banner permits	12,000	7,265	7,945
Sale of recycling bins	600	743	473
Special police services	145,000	243,559	129,039
Parking Auth Reimbursements	30,000	1,482	66,615
Fire protection services-Haysville	3,630	4,314	4,213
Fire protection services-Osborne	20,000	25,603	25,003
Fire equipment replacement fund	3,200	-	3,617
Building permits	100,000	52,115	81,708
Occupancy permits	2,000	200	-
Parking permits	-	192	192
Salt Reimbursement	40,000	34,703	17,270
Special public works services	2,000	-	13,754
Road project	20,000	-	-
Road project - Prior Year	2,500	-	10,664
Park shelter fees	20,000	24,150	17,175
Tree fund-license/permits/donations	5,000	2,695	2,960
QVSD Gas	7,500	6,721	7,616
BSWA Gas	10,000	10,014	9,288
<b>TOTAL CHARGES FOR SERVICES</b>	<b>\$ 500,930</b>	<b>\$ 483,949</b>	<b>\$ 474,187</b>
<b><u>MISCELLANEOUS:</u></b>			
Miscellaneous revenue	\$ 33,000	\$ 59,277	\$ 10,630
Contributions and donations	-	7,000	8,000
MRM Dividends	-	82,701	73,628
Health insurance reimbursements	35,265	35,479	36,373
Workmen's compensation	-	35,026	-
Other Income	7,500	-	-
<b>TOTAL MISCELLANEOUS</b>	<b>\$ 75,765</b>	<b>\$ 219,482</b>	<b>\$ 128,631</b>

BOROUGH OF SEWICKLEY  
DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES  
GENERAL FUND  
DECEMBER 31, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(MEMORANDUM ONLY)</u> <u>PRIOR YEAR</u>
<b><u>OTHER FINANCIAL SOURCES:</u></b>			
Transfer from Liquid Fuels	\$ 195,000	\$ 74,284	\$ 74,120
Transfer from Real Estate Tax Refund	-	-	245
Refund of prior year expenses	-	-	31,049
<b>TOTAL OTHER FINANCIAL SOURCES</b>	<b><u>\$ 195,000</u></b>	<b><u>\$ 74,284</u></b>	<b><u>\$ 105,414</u></b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b><u>\$ 4,613,645</u></b>	<b><u>\$ 4,625,510</u></b>	<b><u>\$ 5,743,280</u></b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b>GENERAL GOVERNMENT:</b>			
<b>LEGISLATIVE BODY:</b>			
Postage	\$ 1,800	\$ 1,486	\$ 1,673
Equipment lease	11,500	5,556	7,001
Advertising	10,000	15,988	9,956
Property and liability insurance	47,500	22,160	38,037
Dues/subscriptions and memberships	10,000	9,885	11,499
Meetings and conferences	7,000	394	9,892
Contingencies	131,345	34,036	86,847
Center contribution	15,000	15,000	10,000
Salary - manager	107,268	147,189	109,288
Salary - borough secretary	14,500	6,626	10,872
Salaries - staff	154,852	199,485	186,338
Life/accident insurance	3,500	4,791	3,154
Dental insurance	3,831	3,784	3,847
Long term disability insurance	3,110	2,207	2,237
Vision care	604	432	455
Medical	48,607	37,620	44,992
Health savings account	7,500	7,500	7,500
Pension	57,918	58,248	64,767
Social security(FICA)	22,311	28,722	25,835
Unemployment compensation	4,450	1,273	446
Workmans comp	10,694	8,878	7,176
Admin overtime	10,000	23,874	25,212
Materials and supplies	8,500	5,685	9,753
Other expense	8,000	4,413	10,762
Telephone	7,200	7,655	8,447
Auto allowance manager	2,500	433	667
Auditing services	7,000	5,500	6,800
Website	17,714	14,419	2,300
PEG channel	-	1,248	5,988
<b>TOTAL LEGISLATIVE BODY</b>	<b>\$ 734,204</b>	<b>\$ 674,485</b>	<b>\$ 711,741</b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

<b>GENERAL GOVERNMENT: (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b>TAX COLLECTION:</b>			
Salary	\$ 2,400	\$ 2,600	\$ 614
Social Security(FICA)	250	199	47
Unemployment insurance	1,000	424	23
Workers compensation	700	574	537
Other expense	20,000	33,828	23,990
LST collection fees	2,900	3,076	2,496
Business privilege collection fees	4,200	3,582	4,132
Telephone	380	345	428
<b>TOTAL TAX COLLECTION</b>	<b>\$ 31,830</b>	<b>\$ 44,629</b>	<b>\$ 32,268</b>
<b>LEGAL:</b>			
Solicitor retainer	\$ 8,400	\$ 8,400	\$ 9,100
Other legal services	60,000	64,004	61,610
Additional legal service	7,500	5,313	3,278
<b>TOTAL LEGAL</b>	<b>\$ 75,900</b>	<b>\$ 77,717</b>	<b>\$ 73,989</b>
<b>IT:</b>			
Computer maintenance	\$ 22,500	\$ 42,240	\$ 25,700
Computer services	12,500	2,151	6,664
<b>TOTAL IT</b>	<b>\$ 35,000</b>	<b>\$ 44,391</b>	<b>\$ 32,364</b>
<b>ENGINEER:</b>			
Engineering service - CDBG	\$ 3,000	\$ -	\$ -
Other Engineering	15,000	30,609	25,768
<b>TOTAL ENGINEER</b>	<b>\$ 18,000</b>	<b>\$ 30,609</b>	<b>\$ 25,768</b>
<b>MUNICIPAL BUILDING AND PLANT:</b>			
Salary staff	20,000	29,385	11,371
Social Security(FICA)	1,530	2,293	1,057
Unemployment insurance	500	-	171
Workers compensation	1,500	849	626
Overtime	-	585	581
Materials and supplies	7,000	4,462	3,309
Other expenses	1,000	58	248
Property and liability insurance	7,700	7,780	7,700
Electricity	23,000	24,474	23,392
Gas	14,000	10,303	10,461
Repairs and maintenance	32,000	41,868	52,059
<b>TOTAL MUNICIPAL BUILDING AND PLANT</b>	<b>\$ 108,230</b>	<b>\$ 122,056</b>	<b>\$ 110,974</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 1,003,164</b>	<b>\$ 993,886</b>	<b>\$ 987,103</b>

**BOROUGH OF SEWICKLEY  
 DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES  
 GENERAL FUND  
 DECEMBER 31, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b><u>PUBLIC SAFETY:</u></b>			
<b><u>POLICE PROTECTION:</u></b>			
Salary - chief	\$ 111,500	\$ 116,266	\$ 98,704
Salary - sargeants	192,524	116,420	201,867
Salary - full time patrolmen	424,035	531,238	419,216
Salary - part time patrolmen	125,000	152,060	118,148
Salary - full time desk	-	-	48,173
Salary - meter patrol	-	-	30,953
Life/accident insurance	11,096	13,896	12,424
Dental insurance	9,224	8,697	8,436
Long term disability insurance	2,976	3,587	3,312
Vision care	1,208	980	902
Medical	146,080	129,731	123,675
Supplemental retirement	2,400	2,400	2,200
Health savings account	24,000	22,125	22,500
Pension	82,241	82,241	199,078
Social Security(FICA)	72,799	78,779	80,521
Unemployment insurance	13,300	3,608	5,300
Workers compensation	52,604	54,547	51,012
Overtime	50,000	52,845	55,163
Longevity	20,754	21,949	20,332
OIC	4,000	2,506	3,200
Shift differential	5,562	6,596	6,989
Court fees	18,000	10,929	13,349
Holiday pay - ftp	27,682	33,710	32,544
HL benefit	-	63,347	-
DARE grant expense	3,000	1,188	701
Uniform allowance	9,000	6,000	9,563
Material and supplies	3,000	2,579	2,378
Other expense	15,000	10,270	11,881
Computer maintenance	9,000	8,173	7,451
Computer services	12,000	4,307	6,443
Gasoline and oil	14,000	9,138	12,366
Vehicle operating expense	12,000	10,341	10,046
Tires	1,600	1,762	498
Training rifle range	4,500	3,989	4,592
Telephone	12,500	11,697	10,522
Postage	2,000	1,960	1,438
Radio maintenance	2,500	1,199	2,659
Property and liability insurance	27,500	22,324	25,020
Dues, subscriptions and memberships	750	190	265
Meetings and conferences	2,500	1,303	2,612
Quaker Valley Ambulance Authority	30,616	30,616	26,789
<b>TOTAL POLICE PROTECTION</b>	<b>\$ 1,558,451</b>	<b>\$ 1,635,493</b>	<b>\$ 1,693,221</b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b>PUBLIC SAFETY: (Continued)</b>			
<b>FIRE PROTECTION:</b>			
Workers compensation	\$ 20,502	\$ 20,853	\$ 20,544
Materials and supplies	1,200	1,093	363
Other expense	2,000	862	3,112
Fire hose and couplings	6,000	6,270	5,108
Vehicle operating expense	40,000	30,513	35,495
Telephone and radio expense	12,000	9,454	11,751
Insurance	12,000	11,101	10,600
Foreign casualty premium	32,000	27,143	29,320
Contracted services	60,000	60,000	60,000
Training	3,000	2,004	2,924
Hydrant fee	16,400	16,393	16,393
<b>TOTAL FIRE PROTECTION</b>	<b>\$ 205,102</b>	<b>\$ 185,688</b>	<b>\$ 195,611</b>
<b>PROTECTIVE INSPECTION:</b>			
Salary code enforcement officer	\$ 67,663	\$ 57,172	\$ 66,196
Life insurance/accident	700	824	752
Dental insurance	1,153	740	1,161
Long term disability	400	361	377
Vision insurance	140	86	119
Medical	16,738	10,589	15,542
Health savings account	3,000	3,000	3,000
Pension	16,438	16,440	18,395
FICA	5,176	3,444	5,064
Unemployment compensation	1,400	637	278
Workers compensation	1,025	1,435	1,342
Materials and supplies	800	1,125	1,410
DCED-UCC training	600	100	392
Zoning hearing board - legal service	2,000	3,430	1,365
Zoning hearing board - steno service	1,500	2,108	1,190
Telephone	1,500	1,557	1,491
Postage and advertising	1,200	776	672
Historic review commission	2,000	-	-
Planning commission	2,000	2,500	1,229
Zoning ordinance update	1,000	2,705	832
<b>TOTAL PROTECTIVE INSPECTION</b>	<b>\$ 126,433</b>	<b>\$ 109,029</b>	<b>\$ 120,809</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 1,889,986</b>	<b>\$ 1,930,210</b>	<b>\$ 2,009,641</b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR</b>
<b><u>PUBLIC WORKS:</u></b>			
Salary foreman	\$ 66,373	\$ 66,516	\$ 63,869
Salaries	391,600	257,884	280,197
Life/accident insurance	6,358	6,827	5,812
Dental insurance	7,253	6,082	5,906
Long term disability	3,348	2,691	2,758
Vision care	1,359	680	827
Medical	113,567	100,718	84,322
Health savings account	21,000	18,000	16,500
Pension	111,134	99,180	110,512
Social Security(FICA)	47,160	35,336	38,494
Unemployment insurance	15,971	3,290	2,664
Workers compensation	35,907	37,606	35,082
Overtime	63,000	79,287	77,973
Uniform maintenance	9,450	10,690	10,715
Snow and ice materials	69,290	56,307	47,257
Gasoline and oil	36,000	35,136	30,997
Vehicle operation maintenance	35,000	57,920	42,584
Vehicle operating expense	35,000	32,317	27,990
Storm Sewers/MS4	57,500	21,945	117,873
Street signs and markings	10,000	6,991	7,690
Other highway care expenses	38,000	35,493	42,320
Water	800	503	542
Tools and minor equipment	6,500	3,059	2,864
Telephone and radio	3,500	2,471	2,522
Property and liability insurance	20,000	17,624	16,200
Equipment Rental	-	-	116
Patching and sealing	-	-	3,045
Engineering - road	-	-	28,858
2018 Road Project	-	-	5,104
2017 Road Project	-	-	222,699
Beaver Street	-	-	487
Graffiti Removal	-	-	3,125
Spray Paint Tunnels	-	-	20,804
Rain Gardens	-	-	13,210
Traffic signals	14,000	12,317	13,475
Street lighting	82,900	87,452	105,691
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 1,301,970</b>	<b>\$ 1,094,320</b>	<b>\$ 1,491,083</b>
<b><u>CULTURE AND RECREATION:</u></b>			
<b><u>PARKS AND RECREATION:</u></b>			
Salaries	\$ 35,000	\$ 44,925	\$ 30,463
FICA (SS)	2,677	3,437	8
Unemployment insurance	1,800	531	(0)
Workers compensation	2,500	4,593	4,296
Materials and supplies	10,000	2,819	6,359
Repairs	24,000	38,427	29,463
Property and liability	7,200	5,536	7,200
Playground Equipment	-	-	17,906
<b>TOTAL PARKS AND RECREATION</b>	<b>\$ 83,177</b>	<b>\$ 100,268</b>	<b>\$ 95,695</b>

**BOROUGH OF SEWICKLEY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**DECEMBER 31, 2018**

	BUDGET	ACTUAL	(MEMORANDUM ONLY) PRIOR YEAR
<b><u>CULTURE AND RECREATION: (Continued)</u></b>			
<b><u>SHADE TREES:</u></b>			
Tree trimming and removal	\$ 50,000	\$ 43,075	\$ 40,640
Tree maintenance and spraying	22,500	33,679	17,781
Plantings	7,500	10,199	14,396
Arborist Services	6,000	1,680	3,840
Advertising/Mailings	2,000	450	786
<b>TOTAL SHADE TREES</b>	<b>\$ 88,000</b>	<b>\$ 89,082</b>	<b>\$ 77,443</b>
<b>TOTAL CULTURE AND RECREATION</b>	<b>\$ 171,177</b>	<b>\$ 189,351</b>	<b>\$ 173,138</b>
<b><u>DEBT SERVICE:</u></b>			
TAN Interest	\$ 4,800	\$ 11,120	\$ 4,474
UCC Term Fee	-	-	84
Payment for land purchase - principal	110,951	110,603	90,126
Payment for land purchase - interest	-	-	20,477
<b>TOTAL DEBT SERVICE</b>	<b>\$ 115,751</b>	<b>\$ 121,723</b>	<b>\$ 115,161</b>
<b><u>OTHER FINANCING USES:</u></b>			
Tax Refund Assessment	\$ 8,400	\$ 27,712	\$ 52,446
Tax Refunds Volunteers	-	2,524	-
Refund Prior Year Receipts	-	21,374	409
Transfer to Capital Reserves #4	40,000	1,078	244,670
Transfer to Capital Reserve #6	-	-	199,348
Transfer to Sinking Fund	-	-	18,223
Transfer for Bond Issue	83,197	83,197	80,410
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 131,597</b>	<b>\$ 135,886</b>	<b>\$ 595,506</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 4,613,645</b>	<b>\$ 4,465,376</b>	<b>\$ 5,371,632</b>

**BOROUGH OF SEWICKLEY  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2018**

	<u>HIGHWAY AID FUND</u>	<u>SINKING FUND</u>	<u>TOTAL</u>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 206,354	\$ 69,324	\$ 275,678
Due from Other Funds	-	670,642	670,642
Accounts Receivable	-	11,772	11,772
<b>TOTAL ASSETS</b>	<b><u>\$ 206,354</u></b>	<b><u>\$ 751,738</u></b>	<b><u>\$ 958,092</u></b>
 <b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b>LIABILITIES:</b>			
Due to Other Funds	\$ 19,085	\$ 751,738	\$ 770,823
<b>TOTAL LIABILITIES</b>	<b><u>\$ 19,085</u></b>	<b><u>\$ 751,738</u></b>	<b><u>\$ 770,823</u></b>
<b>FUND BALANCES:</b>			
Restricted (Deficit)	\$ 187,269	\$ -	\$ 187,269
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 187,269</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 187,269</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 206,354</u></b>	<b><u>\$ 751,738</u></b>	<b><u>\$ 958,092</u></b>

**BOROUGH OF SEWICKLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	<b><u>HIGHWAY AID FUND</u></b>	<b><u>SINKING FUND</u></b>	<b><u>TOTAL</u></b>
<b><u>REVENUES:</u></b>			
Intergovernmental	\$ 124,455	\$ -	\$ 124,455
Interest	2,318	-	2,318
<b>TOTAL REVENUES</b>	<b>\$ 126,773</b>	<b>\$ -</b>	<b>\$ 126,773</b>
<b><u>OTHER FINANCING SOURCES:</u></b>			
Interfund Transfers	\$ -	\$ 83,196	\$ 83,196
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ -</b>	<b>\$ 83,196</b>	<b>\$ 83,196</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 126,773</b>	<b>\$ 83,196</b>	<b>\$ 209,969</b>
<b><u>EXPENDITURES:</u></b>			
Public Works	\$ 3,052	\$ -	\$ 3,052
Debt Service	-	83,196	83,196
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,052</b>	<b>\$ 83,196</b>	<b>\$ 86,248</b>
<b><u>OTHER FINANCING USES:</u></b>			
Interfund Transfers	\$ 74,284	\$ -	\$ 74,284
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 74,284</b>	<b>\$ -</b>	<b>\$ 74,284</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 77,336</b>	<b>\$ 83,196</b>	<b>\$ 160,532</b>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 49,437	\$ -	\$ 49,437
FUND BALANCE - January 1, 2018	137,832	-	137,832
<b>FUND BALANCE - December 31, 2018</b>	<b>\$ 187,269</b>	<b>\$ -</b>	<b>\$ 187,269</b>

**BOROUGH OF SEWICKLEY**  
**COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2018**

	<b>ROAD CONSTRUCTION AND MAINTENANCE FUND</b>	<b>BUILDING FUND</b>	<b>FIRE FUND</b>	<b>CAPITAL IMPROVEMENT FUND</b>	<b>TOTAL</b>
<b><u>ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 837,595	\$ 671	\$ 252,214	\$ 61,226	\$ 1,151,706
Taxes Receivable	791	-	-	17,212	18,003
Due from Other Funds	206,484	5,000	573,092	473,505	1,258,081
<b>TOTAL ASSETS</b>	<b><u>\$ 1,044,870</u></b>	<b><u>\$ 5,671</u></b>	<b><u>\$ 825,306</u></b>	<b><u>\$ 551,943</u></b>	<b><u>\$ 2,427,790</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 330,273	\$ -	\$ -	\$ -	\$ 330,273
Due to Other Funds	75,400	-	-	-	75,400
<b>TOTAL LIABILITIES</b>	<b><u>\$ 405,673</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 405,673</u></b>
<b>FUND BALANCES:</b>					
Assigned	\$ 639,197	\$ 5,671	\$ 825,306	\$ 551,943	\$ 2,022,117
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 639,197</u></b>	<b><u>\$ 5,671</u></b>	<b><u>\$ 825,306</u></b>	<b><u>\$ 551,943</u></b>	<b><u>\$ 2,022,117</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,044,870</u></b>	<b><u>\$ 5,671</u></b>	<b><u>\$ 825,306</u></b>	<b><u>\$ 551,943</u></b>	<b><u>\$ 2,427,790</u></b>

**BOROUGH OF SEWICKLEY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2018**

	ROAD CONSTRUCTION AND MAINTENANCE FUND	BUILDING FUND	FIRE FUND	CAPITAL IMPROVEMENT FUND	TOTAL
<b><u>REVENUES:</u></b>					
Taxes	\$ 956,636	\$ -	\$ -	\$ 457,409	\$ 1,414,045
Interest	7,715	4	2,799	2,402	12,920
Contributions and Donations	-	-	25,200	25,000	50,200
Charges for Services	-	-	62,617	-	62,617
Miscellaneous	-	-	-	1,613	1,613
<b>TOTAL REVENUES</b>	<b>\$ 964,351</b>	<b>\$ 4</b>	<b>\$ 90,616</b>	<b>\$ 486,424</b>	<b>\$ 1,541,395</b>
<b><u>OTHER FINANCING SOURCES:</u></b>					
Interfund Transfers	\$ -	\$ -	\$ 1,079	\$ -	\$ 1,079
Sale of Borough Property	-	-	-	2,600	2,600
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,079</b>	<b>\$ 2,600</b>	<b>\$ 3,679</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 964,351</b>	<b>\$ 4</b>	<b>\$ 91,695</b>	<b>\$ 489,024</b>	<b>\$ 1,545,074</b>
<b><u>EXPENDITURES:</u></b>					
General Government	\$ -	\$ -	\$ -	\$ 61,550	\$ 61,550
Public Safety	-	-	59,147	2,761	61,908
Public Works	542,095	-	-	35,748	577,843
Culture and Recreation	-	-	-	65,000	65,000
Debt Service	-	-	-	43,210	43,210
<b>TOTAL EXPENDITURES</b>	<b>\$ 542,095</b>	<b>\$ -</b>	<b>\$ 59,147</b>	<b>\$ 208,269</b>	<b>\$ 809,511</b>
<b><u>OTHER FINANCING USES:</u></b>					
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 542,095</b>	<b>\$ -</b>	<b>\$ 59,147</b>	<b>\$ 208,269</b>	<b>\$ 809,511</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 422,256</b>	<b>\$ 4</b>	<b>\$ 32,548</b>	<b>\$ 280,755</b>	<b>\$ 735,563</b>
FUND BALANCE - January 1, 2018	216,941	5,667	792,758	271,188	1,286,554
<b>FUND BALANCE December 31, 2018</b>	<b>\$ 639,197</b>	<b>\$ 5,671</b>	<b>\$ 825,306</b>	<b>\$ 551,943</b>	<b>\$ 2,022,117</b>

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

	----- POLICE PENSION PLAN -----				
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Total pension liability-beginning</b>	\$ 5,164,579	\$ 4,895,470	\$ 4,999,271	\$ 4,718,569	\$ 4,603,589
Service Cost	112,330	104,981	110,407	103,184	103,122
Interest	358,702	340,195	348,424	328,623	320,614
Experience (gain)/loss	(175,600)	-	(408,661)	-	(158,864)
Assumption (gain)/loss	129,671	-	-	-	-
Plan changes	-	-	-	-	-
Benefit payments	(192,865)	(176,067)	(153,971)	(151,105)	(149,892)
Net change in total pension liability	<u>\$ 232,238</u>	<u>\$ 269,109</u>	<u>\$ (103,801)</u>	<u>\$ 280,702</u>	<u>\$ 114,980</u>
<b>Total pension liability-ending</b>	<u>\$ 5,396,817</u>	<u>\$ 5,164,579</u>	<u>\$ 4,895,470</u>	<u>\$ 4,999,271</u>	<u>\$ 4,718,569</u>
Plan fiduciary net position-beginning	\$ 5,870,128	\$ 5,131,202	\$ 4,820,258	\$ 4,770,088	\$ 4,444,523
Contributions-employer	82,241	180,683	176,326	206,064	163,494
Contributions-member	-	-	-	-	-
Net investment income	(311,219)	770,547	309,737	5,379	329,929
Benefit payments	(192,865)	(176,067)	(153,971)	(151,105)	(149,892)
Actuarial costs	-	(9,865)	(3,035)	(9,590)	(5,525)
Other	(352)	(26,372)	(18,113)	(578)	(12,441)
Change in plan fiduciary net position	<u>\$ (422,195)</u>	<u>\$ 738,926</u>	<u>\$ 310,944</u>	<u>\$ 50,170</u>	<u>\$ 325,565</u>
<b>Plan fiduciary net position-ending</b>	<u>\$ 5,447,933</u>	<u>\$ 5,870,128</u>	<u>\$ 5,131,202</u>	<u>\$ 4,820,258</u>	<u>\$ 4,770,088</u>
Net pension liability-beginning	<u>\$ (705,549)</u>	<u>\$ (235,732)</u>	<u>\$ 179,013</u>	<u>\$ (51,519)</u>	<u>\$ 159,066</u>
Net pension liability-ending	<u>\$ (51,116)</u>	<u>\$ (705,549)</u>	<u>\$ (235,732)</u>	<u>\$ 179,013</u>	<u>\$ (51,519)</u>
<b>RATIOS:</b>					
Plan fiduciary net position as a percentage of total pension liability	100.95%	113.66%	104.82%	96.42%	101.09%
Covered-employee payroll	\$ 1,061,908	\$ 753,051	\$ 772,365	\$ 720,851	\$ 791,978
Net pension liability as a percentage of covered-employee payroll	-4.81%	-93.69%	-30.52%	24.83%	-6.51%

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

	----- GENERAL EMPLOYEES PENSION PLAN -----				
	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Total pension liability-beginning</b>	\$ 4,809,338	\$ 4,548,577	\$ 4,312,148	\$ 4,041,299	\$ 3,736,115
Service Cost	117,272	109,600	155,251	145,094	153,101
Interest	335,877	316,451	302,137	282,484	261,511
Experience (gain)/loss	(401,856)	-	(73,902)	-	44,166
Assumption (gain)/loss	104,363	-	-	-	-
Plan changes	-	-	-	-	-
Benefit payments	(139,458)	(165,290)	(147,056)	(156,729)	(153,594)
Net change in total pension liability	<u>\$ 16,198</u>	<u>\$ 260,761</u>	<u>\$ 236,429</u>	<u>\$ 270,849</u>	<u>\$ 305,184</u>
<b>Total pension liability-ending</b>	<u>\$ 4,825,536</u>	<u>\$ 4,809,338</u>	<u>\$ 4,548,577</u>	<u>\$ 4,312,148</u>	<u>\$ 4,041,299</u>
Plan fiduciary net position-beginning	\$ 4,749,263	\$ 4,084,580	\$ 3,738,553	\$ 3,610,879	\$ 3,278,772
Contributions-employer	213,711	257,528	270,930	290,032	251,073
Contributions-member	-	-	-	-	-
Net investment income	(247,500)	600,465	240,320	4,956	250,692
Benefit payments	(139,458)	(165,290)	(147,056)	(156,729)	(153,594)
Actuarial costs	-	(7,045)	(3,875)	(9,815)	(5,565)
Other	(366)	(20,975)	(14,292)	(770)	(10,499)
Change in plan fiduciary net position	<u>\$ (173,613)</u>	<u>\$ 664,683</u>	<u>\$ 346,027</u>	<u>\$ 127,674</u>	<u>\$ 332,107</u>
<b>Plan fiduciary net position-ending</b>	<u>\$ 4,575,650</u>	<u>\$ 4,749,263</u>	<u>\$ 4,084,580</u>	<u>\$ 3,738,553</u>	<u>\$ 3,610,879</u>
Net pension liability-beginning	<u>\$ 60,075</u>	<u>\$ 463,997</u>	<u>\$ 573,595</u>	<u>\$ 430,420</u>	<u>\$ 457,343</u>
Net pension liability-ending	<u>\$ 249,886</u>	<u>\$ 60,075</u>	<u>\$ 463,997</u>	<u>\$ 573,595</u>	<u>\$ 430,420</u>
<b>RATIOS:</b>					
Plan fiduciary net position as a percentage of total pension liability	94.82%	98.75%	89.80%	86.70%	89.35%
Covered-employee payroll	\$ 877,291	\$ 951,659	\$ 914,467	\$ 915,453	\$ 979,041
Net pension liability as a percentage of covered-employee payroll	28.48%	6.31%	50.74%	62.66%	43.96%

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

----- POLICE PENSION PLAN -----

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 82,241	\$ 180,683	\$ 176,326	\$ 206,061	\$ 163,494
Contributions	<u>82,241</u>	<u>180,683</u>	<u>176,326</u>	<u>206,064</u>	<u>163,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ -</u>
<b>RATIOS:</b>					
Covered-employee payroll	\$ 1,061,908	\$ 753,051	\$ 772,365	\$ 720,851	\$ 791,978
Contributions as a percentage of covered-employee payroll	7.74%	23.99%	22.83%	28.59%	20.64%

**NOTES TO SCHEDULE:**

Valuation Date - January 1, 2019

**Methods and assumptions used to determine contribution rates:**

	<u>--POLICE--</u>
Actuarial cost method	Entry Age Normal
Amortization method	Funding adjustment is equal to 10% of the unfunded actuarial accrued liability
Asset valuation method	Actuarial Value of Assets
Inflation	4%
Salary increases	5%
Investment rate of return	7%
Retirement age	100% at age 54 with 25 years of experience
Mortality - active	RP 2006 Fully Generational Mortality
Mortality - disabled	RP 2006 Fully Generational Disabled Mortality
Mortality Improvement	MP 2018 from 2006

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF ACTUARIALLY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

----- GENERAL EMPLOYEES' PENSION PLAN -----

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 213,711	\$ 257,528	\$ 270,930	\$ 290,026	\$ 251,073
Contributions	<u>213,711</u>	<u>257,528</u>	<u>270,930</u>	<u>290,032</u>	<u>251,073</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ -</u>
<b>RATIOS:</b>					
Covered-employee payroll	\$ 877,291	\$ 951,659	\$ 914,467	\$ 915,453	\$ 979,041
Contributions as a percentage of covered-employee payroll	24.36%	27.06%	29.63%	31.68%	25.64%

**NOTES TO SCHEDULE:**

Valuation Date - January 1, 2019

**Methods and assumptions used to determine contribution rates:**

	<u>--GENERAL EMPLOYEES--</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level-closed period
Asset valuation method	Actuarial Value of Assets
Salary increases	5%
Investment rate of return	7%
Retirement age	100% at earlier of age 60 and 10 years of service or age 65 and 5 years of service
Mortality - active	RP 2006 Fully Generational Mortality
Mortality - disabled	RP 2006 Fully Generational Disabled Mortality
Mortality Improvement	MP 2018 from 2006

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE**  
**POLICE PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Annual money-weighted rate of return net of investment expense	-5.37%	15.25%	6.49%	11.00%	7.48%

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. A detailed calculation of the money-weighted rate of return, including net cash flows, as follows:

	<u>Plan Investments ( a )</u>	<u>Periods Invested ( b )</u>	<u>Period Weight ( c ) = ( b ) / 12</u>	<u>( d ) = ( a ) x ( 1 + r ) ( c )</u>
Beginning value	\$ 5,870,128	12	1.00	$5,870,128 \times (1 + r) (1.00)$
Monthly net cash flows:				
January	(16,072)	11	0.92	$(16,072) \times (1 + r) (0.92)$
February	(16,150)	10	0.83	$(16,150) \times (1 + r) (0.83)$
March	(16,072)	9	0.75	$(16,072) \times (1 + r) (0.75)$
April	(16,072)	8	0.67	$(16,072) \times (1 + r) (0.67)$
May	(16,144)	7	0.58	$(16,144) \times (1 + r) (0.58)$
June	(16,072)	6	0.50	$(16,072) \times (1 + r) (0.50)$
July	(16,072)	5	0.42	$(16,072) \times (1 + r) (0.42)$
August	(16,144)	4	0.33	$(16,144) \times (1 + r) (0.33)$
September	(16,072)	3	0.25	$(16,072) \times (1 + r) (0.25)$
October	66,169	2	0.17	$66,169 \times (1 + r) (0.17)$
November	(16,144)	1	0.08	$(16,144) \times (1 + r) (0.08)$
December	(16,072)	0	0.00	$(16,072) \times (1 + r) (0.00)$
Appreciation/(Depreciation)	<u>(311,277)</u>	Money-weighted rate of return ( r )		-5.37%
Ending value	<u>\$ 5,447,934</u>			

**BOROUGH OF SEWICKLEY**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE**  
**GENERAL EMPLOYEES PENSION PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**DECEMBER 31, 2018**

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Annual money-weighted rate of return net of investment expense	-5.24%	14.95%	6.48%	-0.15%	7.72%

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for five most recent years.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. A detailed calculation of the money-weighted rate of return, including net cash flows, as follows:

	<b>Plan Investments ( a )</b>	<b>Periods Invested ( b )</b>	<b>Period Weight ( c ) = ( b ) / 12</b>	<b>( d ) = ( a ) x ( 1 + r ) ( c )</b>
Beginning value	\$ 4,749,263	12	1.00	$4,749,263 \times (1 + r) (1.00)$
Monthly net cash flows:				
January	(12,370)	11	0.92	$(12,370) \times (1 + r) (0.92)$
February	(12,460)	10	0.83	$(12,460) \times (1 + r) (0.83)$
March	(12,370)	9	0.75	$(12,370) \times (1 + r) (0.75)$
April	(11,361)	8	0.67	$(11,361) \times (1 + r) (0.67)$
May	(11,451)	7	0.58	$(11,451) \times (1 + r) (0.58)$
June	(11,361)	6	0.50	$(11,361) \times (1 + r) (0.50)$
July	(11,460)	5	0.42	$(11,460) \times (1 + r) (0.42)$
August	(11,457)	4	0.33	$(11,457) \times (1 + r) (0.33)$
September	(11,361)	3	0.25	$(11,361) \times (1 + r) (0.25)$
October	202,350	2	0.17	$202,350 \times (1 + r) (0.17)$
November	(11,451)	1	0.08	$(11,451) \times (1 + r) (0.08)$
December	(11,361)	0	0.00	$(11,361) \times (1 + r) (0.00)$
Ending value	<u>\$ 4,575,650</u>	Money-weighted rate of return ( r )		-5.24%