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2014 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

020093 AVALON BORO, ALLEGHENY COUNTY

MaherDuessel
Certified Public Accountants
1990 | 2015 25 YEARS OF PROMOTING THE PUBLIC GOOD

Pittsburgh
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Independent Auditor's Report

Members of Council
Borough of Avalon

We have audited the Modified Cash Basis Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (Schedules) included in the 2014 Annual Audit and Financial Report of the Borough of Avalon (Borough), Pennsylvania.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the Schedules, 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 Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Borough on the basis of the instructions provided by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared on the cash basis of accounting, without financial statement disclosures, without cash flows, without component unit financial information, without

government–wide financial statements, without Management's Discussion and Analysis, without budgetary comparisons and historical pension information, and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2014 and the results of its operations for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Borough as of December 31, 2014, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by the DCED.

Maher Duessel

Pittsburgh, Pennsylvania
March 24, 2015

BALANCE SHEET

DCED-CLGS-30 (09-09)

AVALON BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2014

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	129,921	937,444					2,493,460			3,560,825
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds		28,885					79,034			107,919
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets										
180-189	Other Debits	296								4,798,361	4,798,657
Total Assets and Other Debits		130,217	966,329					2,572,494		4,798,361	8,467,401
Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds	107,919									107,919

AVALON BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2014

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities									4,520,191	4,520,191
240-259	Current Portion of Long-Term Debt and Other Credits									278,170	278,170
Total Liabilities and Other Credits		107,919								4,798,361	4,906,280
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	22,298	966,329					2,572,494			3,561,121
291-299	Other Equity										
Total Fund and Account Group Equity		22,298	966,329					2,572,494			3,561,121

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	8,467,401

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

REVENUES

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
Taxes									
301.00	Real Estate Taxes	1,460,402							1,460,402
305.00	Occupation Taxes (levied under municipal code)								
308.00	Residence Taxes (levied by cities of the 3rd Class)								
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)	177,084							177,084
310.00	Per Capita Taxes								
310.10	Real Estate Transfer Taxes	40,526							40,526
310.20	Earned Income Taxes / Wage Taxes	481,559							481,559
310.30	Business Gross Receipts Taxes								
310.40	Occupation Taxes (levied under Act 511)								
310.50	Local Services Tax **	33,555							33,555
310.60	Amusement / Admission Taxes								
310.70	Mechanical Device Taxes								
310.90	Other Local Tax Enabling Act / Act 511 / Taxes								
	Other: _____								
	Total Taxes	2,193,126							2,193,126
Licenses and Permits									
320-322	All Other Licenses and Permits	20,883							20,883
321.80	Cable Television Franchise Fees	108,905							108,905
	Total Licenses and Permits	129,788							129,788
Fines and Forfeits									
330-332	Fines and Forfeits	60,838							60,838
	Total Fines and Forfeits	60,838							60,838

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

REVENUES

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
Interest, Rents and Royalties									
341.00	Interest Earnings	109	430					209,763	210,302
342.00	Rents and Royalties	14,520							14,520
Total Interest, Rents and Royalties		14,629	430					209,763	224,822
Federal									
351.03	Highways and Streets								
351.09	Community Development								
351.00	All Other Federal Capital and Operating Grants								
352.01	National Forest								
352.00	All Other Federal Shared Revenue and Entitlements								
353.00	Federal Payments in Lieu of Taxes								
Total Federal									
State									
354.03	Highways and Streets								
354.09	Community Development								
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants								
355.01	Public Utility Realty Tax (PURTA)								
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		91,346						91,346
355.04	Alcoholic Beverage Licenses	1,000							1,000
355.05	General Municipal Pension System State Aid	69,708							69,708
355.07	Foreign Fire Insurance Tax Distribution	22,506							22,506
355.08	Local Share Assessment/Gaming Proceeds								

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
REVENUES									
State									
355.09	Marcellus Shale Impact Fee Distribution	248							248
355.00	All Other State Shared Revenues and Entitlements								
356.00	State Payments in Lieu of Taxes								
	Total State	93,462	91,346						184,808
Local Government Units									
357.03	Highways and Streets								
357.00	All Other Local Governmental Units Capital and Operating Grants								
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services								
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes								
	Total Local Government Units								
Charges for Service									
361.00	General Government	33,960							33,960
362.00	Public Safety	72,100							72,100
363.20	Parking	3,297							3,297
363.00	All Other Charges for Highway & Street Services	48,907							48,907
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)		899,568						899,568
364.30	Solid Waste Collection and Disposal Charge (trash)		25,121						25,121
364.60	Host Municipality Benefit Fee for Solid Waste Facility								
364.00	All Other Charges for Sanitation Services								
365.00	Health								
366.00	Human Services								
367.00	Culture and Recreation	59,568							59,568

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
REVENUES									
Charges for Service									
368.00	Airports								
369.00	Bars								
370.00	Cemeteries								
372.00	Electric System								
373.00	Gas System								
374.00	Housing System								
375.00	Markets								
377.00	Transit Systems								
378.00	Water System								
379.00	All Other Charges for Service								
Total Charges for Service		217,832	924,689						1,142,521
Unclassified Operating Revenues									
383.00	Special Assessments								
386.00	Escheats (sale of personal property)								
387.00	Contributions and Donations from Private Sectors	22,700							22,700
388.00	Fiduciary Fund Pension Contributions							195,472	195,472
389.00	All Other Unclassified Operating Revenues								
Total Unclassified Operating Revenues		22,700						195,472	218,172
Other Financing Sources									
391.00	Proceeds of General Fixed Asset Disposition								
392.00	Interfund Operating Transfers	97,351							97,351
393.00	Proceeds of General Long-Term Debt	100,000							100,000
394.00	Proceeds of Short Term-Debt	300,000							300,000

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
REVENUES									
Other Financing Sources									
395.00	Refunds of Prior Year Expenditures								
	Total Other Financing Sources	497,351							497,351
	TOTAL REVENUES	3,229,726	1,016,465					405,235	4,651,426
EXPENDITURES									
General Government									
400.00	Legislative (Governing) Body	23,754							23,754
401.00	Executive (Manager or Mayor)	126,508							126,508
402.00	Auditing Services / Financial Administration	12,316							12,316
403.00	Tax Collection	41,470							41,470
404.00	Solicitor / Legal Services	67,259							67,259
405.00	Secretary / Clerk	88,858							88,858
406.00	Other General Government Administration	1,490							1,490
407.00	IT-Networking Services-Data Processing	6,133							6,133
408.00	Engineering Services								
409.00	General Government Buildings and Plant	68,281							68,281
	Total General Government	436,069							436,069
Public Safety									
410.00	Police	997,397							997,397
411.00	Fire	78,095							78,095
412.00	Ambulance / Rescue								
413.00	UCC and Code Enforcement	13,065							13,065
414.00	Planning and Zoning	605							605
415.00	Emergency Management and Communications								

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
EXPENDITURES									
Public Safety									
416.00	Militia and Armories								
417.00	Examination of Licensed Occupations								
418.00	Public Scales (weights and measures)								
419.00	Other Public Safety	23,963							23,963
Total Public Safety		1,113,125							1,113,125
Health and Human Services									
420.00-425.00	Health and Human Services								
Total Health and Human Services									
Public Works - Sanitation									
426.00	Recycling Collection and Disposal								
427.00	Solid Waste Collection and Disposal (garbage)		19,479						19,479
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection		623,880						623,880
Total Public Works - Sanitation			643,359						643,359
Public Works - Highways and Streets									
430.00	General Services - Administration	444,230							444,230
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal								
433.00	Traffic Control Devices	5,112							5,112
434.00	Street Lighting	87,401							87,401
435.00	Sidewalks and Crosswalks								
436.00	Storm Sewers and Drains	6,284	1,038						7,322

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
EXPENDITURES									
Public Works - Highways and Streets									
437.00	Repairs of Tools and Machinery								
438.00	Maintenance and Repairs of Roads and Bridges	284,694							284,694
439.00	Highway Construction and Rebuilding Projects								
Total Public Works - Highways and Streets		827,721	1,038						828,759
Other Public Works Enterprises									
440.00	Airports								
441.00	Cemeteries								
442.00	Electric System								
443.00	Gas System								
444.00	Markets								
445.00	Parking								
446.00	Storm Water and Flood Control								
447.00	Transit System								
448.00	Water System								
449.00	Water Transport and Terminals								
Total Other Public Works Enterprises									
Culture and Recreation									
451.00	Culture-Recreation Administration	336							336
452.00	Participant Recreation	69,781							69,781
453.00	Spectator Recreation	2,877							2,877
454.00	Parks	7,131							7,131
455.00	Shade Trees								
456.00	Libraries	81,872							81,872

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
EXPENDITURES									
Culture and Recreation									
457.00	Civil and Military Celebrations	4,294							4,294
458.00	Senior Citizens' Centers								
459.00	All Other Culture and Recreation								
Total Culture and Recreation		166,291							166,291
Community Development									
461.00	Conservation of Natural Resources								
462.00	Community Development and Housing								
463.00	Economic Development								
464.00	Economic Opportunity								
465-469	All Other Community Development								
Total Community Development									
Debt Service									
471.00	Debt Principal (short-term and long-term)	509,000	57,448						566,448
472.00	Debt Interest (short-term and long-term)	105,279	25,114						130,393
475.00	Fiscal Agent Fees	2,923	8						2,931
Total Debt Service		617,202	82,570						699,772
Employer Paid Benefits and Withholding Items									
481.00	Employer Paid Withholding Taxes and Unemployment Compensation								
482.00	Judgments and Losses								
483.00	Pension / Retirement Fund Contributions								
484.00	Worker Compensation Insurance	112,319							112,319

AVALON BORO, ALLEGHENY County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
EXPENDITURES									
Employer Paid Benefits and Withholding Items									
487.00	Other Group Insurance Benefits								
Total Employer Paid Benefits and Withholding Items		112,319							112,319
Insurance									
486.00	Insurance, Casualty, and Surety	87,355							87,355
Total Insurance		87,355							87,355
Unclassified Operating Expenditures									
488.00	Fiduciary Fund Benefits and Refunds Paid							135,211	135,211
489.00	All Other Unclassified Expenditures							41,725	41,725
Total Unclassified Operating Expenditures								176,936	176,936
Other Financing Uses									
491.00	Refund of Prior Year Revenues	22,339							22,339
492.00	Interfund Operating Transfers		97,351						97,351
493.00	All Other Financing Uses								
Total Other Financing Uses		22,339	97,351						119,690
TOTAL EXPENDITURES		3,382,421	824,318					176,936	4,383,675
EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES		-152,695	192,147					228,299	267,751

AVALON BORO

December 31, 2014

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES
Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Pennvest	Note	2008	2029	1,350,000	1,077,809		57,448		1,020,361		1,020,361
General Obligation Note	Note	2009	2019	780,000	505,000		75,000		430,000		430,000
General Obligation Bonds	Bond	2013	2036	3,365,000	3,340,000		120,000		3,220,000		3,220,000
General Obligation Note	Note	2014	2017	100,000	0	100,000	0		100,000		100,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											
AIM Loan	Note	2011	2016	70,000	42,000		14,000		28,000		28,000

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	4,798,361
Capitalized lease obligations	
Net debt	4,798,361

AVALON BORO, ALLEGHENY County

STATEMENT OF CAPITAL EXPENDITURES

December 31, 2014

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire			
Gas System			
General Government		240,429	240,429
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	35,141		35,141
Recreation			
Sewer			
Solid Waste			
Streets / Highways	33,492		33,492
Water			
Other: _____			
Community Development			
TOTAL CAPITAL EXPENDITURES	68,633	240,429	309,062

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials) 1,041,685

Independent Public Accountant/Certified Public Accountant Submission Page

Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: See Attached Appointed Auditor/CPA

DCED-CLGS-30 (9-09)

AVALON BORO, ALLEGHENY County

December 31, 2014

NOTES / COMMENTS