

**2013 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

020093 AVALON BORO, ALLEGHENY COUNTY

MaherDuessel
Certified Public Accountants

Pittsburgh
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
Main 412.471.5500
Fax 412.471.5508

Harrisburg
3003 North Front Street
Suite 101
Harrisburg, PA 17110
Main 717.232.1230
Fax 717.232.8230

Butler
112 Hollywood Drive
Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

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 (the Schedules) included in the 2013 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 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

Members of Council
Borough of Avalon
Independent Auditor's Report

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, 2013 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, 2013, 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 DCED.

Maker Duessel

Pittsburgh, Pennsylvania
March 18, 2014

AVALON BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2013

		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									4,686,639	4,686,639
240-259	Current Portion of Long-Term Debt and Other Credits									278,170	278,170
Total Liabilities and Other Credits		47,691								4,964,809	5,012,500

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	174,993	774,182					2,344,195			3,293,370
291-299	Other Equity										
Total Fund and Account Group Equity		174,993	774,182					2,344,195			3,293,370

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											8,305,870
--	--	--	--	--	--	--	--	--	--	--	-----------

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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

Taxes								
301.00	Real Estate Taxes	1,237,719						1,237,719
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)	171,076						171,076
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	35,827						35,827
310.20	Earned Income Taxes / Wage Taxes	447,276						447,276
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	34,237						34,237
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		1,926,135						1,926,135

Licenses and Permits								
320-322	All Other Licenses and Permits	20,763						20,763
321.80	Cable Television Franchise Fees	108,205						108,205
Total Licenses and Permits		128,968						128,968

Fines and Forfeits								
330-332	Fines and Forfeits	55,963						55,963
Total Fines and Forfeits		55,963						55,963

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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	179						179
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		87,449	84,754					172,203

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	35,040						35,040
362.00	Public Safety	67,550						67,550
363.20	Parking	3,732						3,732
363.00	All Other Charges for Highway & Streets Services	85,063						85,063
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)		926,856					926,856
364.30	Solid Waste Collection and Disposal Charge (trash)		21,345					21,345
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	65,605						65,605

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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		256,990	948,201					1,205,191

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	24,694						24,694
388.00	Fiduciary Fund Pension Contributions					158,327		158,327
389.00	All Other Unclassified Operating Revenues					1,153		1,153
Total Unclassified Operating Revenues		24,694				159,480		184,174

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	127,651	31					127,682
393.00	Proceeds of General Long-Term Debt	3,365,000						3,365,000
394.00	Proceeds of Short Term-Debt	300,000						300,000

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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		3,792,651	31				3,792,682

TOTAL REVENUES

6,288,813	1,033,234					466,220	7,788,267
-----------	-----------	--	--	--	--	---------	-----------

EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	32,188					32,188
401.00	Executive (Manager or Mayor)	121,089					121,089
402.00	Auditing Services / Financial Administration	12,237					12,237
403.00	Tax Collection	48,593					48,593
404.00	Solicitor / Legal Services	32,958					32,958
405.00	Secretary / Clerk	79,859					79,859
406.00	Other General Government Administration	3,584					3,584
407.00	IT-Networking Services-Data Processing	15,306					15,306
408.00	Engineering Services						
409.00	General Government Buildings and Plant	51,276					51,276
Total General Government		397,090					397,090

Public Safety

410.00	Police	975,512					975,512
411.00	Fire	88,070					88,070
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	13,369					13,369
414.00	Planning and Zoning	3,416					3,416
415.00	Emergency Management and Communications						

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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	20,614						20,614
Total Public Safety		1,100,981						1,100,981

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)		10,785					10,785
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection		599,335					599,335
Total Public Works - Sanitation			610,120					610,120

Public Works - Highways and Streets								
430.00	General Services - Administration	475,626						475,626
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance -- Snow Removal							
433.00	Traffic Control Devices	14,283						14,283
434.00	Street Lighting	73,434						73,434
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	367	27,388					27,755

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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	37,192					37,192
439.00	Highway Construction and Rebuilding Projects						
Total Public Works - Highways and Streets		600,902	27,388				628,290

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	278					278
452.00	Participant Recreation	85,509					85,509
453.00	Spectator Recreation	2,820					2,820
454.00	Parks	10,452					10,452
455.00	Shade Trees						
456.00	Libraries	72,097					72,097

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

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	3,587					3,587
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
Total Culture and Recreation		174,743					174,743

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)	3,571,633	57,486				3,629,119
472.00	Debt Interest (short-term and long-term)	177,535	23,398				200,933
475.00	Fiscal Agent Fees	96,033					96,033
Total Debt Service		3,845,201	80,884				3,926,085

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	73,346					73,346

AVALON BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

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		73,346						73,346

Insurance								
486.00	Insurance, Casualty, and Surety	73,271						73,271
Total Insurance		73,271						73,271

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						200,648	200,648
489.00	All Other Unclassified Expenditures						15,808	15,808
Total Unclassified Operating Expenditures							216,456	216,456

Other Financing Uses								
491.00	Refund of Prior Year Revenues	36,514						36,514
492.00	Interfund Operating Transfers	31	127,651					127,682
493.00	All Other Financing Uses							
Total Other Financing Uses		36,545	127,651					164,196

TOTAL EXPENDITURES	6,302,079	846,043					216,456	7,364,578
---------------------------	-----------	---------	--	--	--	--	---------	-----------

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-13,266	187,191					249,764	423,689
---	---------	---------	--	--	--	--	---------	---------

AVALON BORO
December 31, 2013

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											
General Obligation Bonds	Bond	2003	2033	2,140,000	1,780,000	0	1,780,000	0	0	0	0
General Obligation Bonds	Bond	2006	2036	1,565,000	1,365,000	0	1,365,000	0	0	0	0
Pennvest	Note	2008	2029	1,350,000	1,135,295	0	57,486	0	1,077,809	0	1,077,809
General Obligation Note	Note	2009	2019	780,000	580,000	0	75,000	0	505,000	0	505,000
General Obligation Bonds	Bond	2013	2036	3,365,000	0	3,365,000	25,000	0	3,340,000	0	3,340,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											
AIM Loan	Note	2011	2016	70,000	56,000	0	14,000	0	42,000		42,000
AIM Loan	Note	2008	2012	63,169	12,633	0	12,633	0	0		0

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	4,964,809
Capitalized lease obligations	0
Net debt	4,964,809

AVALON BORO, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2013

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES			

EMPLOYEE COMPENSATION

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

1,096,918

ELECTED CONTROLLER'S/AUDITOR'S CERTIFIED SUBMISSION PAGE

To the: Governing Body of the Municipality
 President Judge of the Court of Common Pleas
 Secretary of the Department of Community & Economic Development

I/We, the undersigned, the duly elected (or appointed replacement), qualified, and Acting Controller/Auditors of the AVALON BORO have audited, adjusted and settled the various funds and account groups of the AVALON BORO for the year ended December 31, 2013. My/Our audit, adjustment and settlement was made in accordance with law rather than with generally accepted auditing standards

(PLEASE CROSS OUT ONLY IF ON MODIFIED ACCRUAL/ACCRUAL BASIS)

This municipality's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of this municipality in conformity with generally accepted accounting principles.

These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In my/our opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the municipality of AVALON BORO for the year ended December 31, 2013, and the results of operations of such funds in accordance with the law.

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA