

**Borough of Heidelberg  
Financial Statements  
December 31, 2013**

**Borough of Heidelberg  
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**Independent Auditor's Report**

Members of Council  
Borough of Heidelberg  
Heidelberg, Pennsylvania

Dear Members:

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Heidelberg, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough of Heidelberg'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 the modified cash basis of accounting described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Heidelberg, as of December 31, 2013, and the respective changes in financial position on a modified cash basis for the year then ended in accordance with the basis of accounting as described in Note 1C.

## Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Borough of Heidelberg's basic financial statements. The budgetary comparison information, pension information and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information, pension information and combining and individual fund financial statements, as listed in the table of contents, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1C.

## Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Respectfully submitted,

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
June 10, 2014

**Borough of Heidelberg**  
**Statement of Net Position - Modified Cash Basis**  
**December 31, 2013**

**Exhibit 1**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$644,595</u>
<b>TOTAL ASSETS</b>	<u>644,595</u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	257
Other Current Liabilities	<u>9,030</u>
<b>TOTAL LIABILITIES</b>	<u>9,287</u>
<b>NET POSITION</b>	
Restricted	17,951
Unrestricted	<u>617,357</u>
<b>TOTAL NET POSITION</b>	<u>\$635,308</u>

See Accompanying Notes

**Borough of Heidelberg**  
**Statement of Activities - Modified Cash Basis**  
**Year Ended December 31, 2013**

**Exhibit 2**

Functions/Programs	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
Governmental Activities				
General Government	\$ 186,278	\$ 5,811	\$ -	\$(180,467)
Public Safety	342,587	33,005	8,941	(300,641)
Public Works - Sanitation	313,030	277,325	-	(35,705)
Public Works - Highways	399,020	6,063	278,036	(114,921)
Public Works - Other	3,128	-	-	(3,128)
Culture - Recreation	31,290	5,677	-	(25,613)
Interest and Principal on Long-Term Debt	<u>95,910</u>	<u>-</u>	<u>-</u>	<u>(95,910)</u>
† Total Governmental Activities	<u>\$1,371,243</u>	<u>\$327,881</u>	<u>\$286,977</u>	<u>(756,385)</u>
General Receipts				
Taxes				
Property Taxes, Levied for General Purposes, Net				459,281
Earned Income Taxes				133,953
Business Privilege and Mercantile Taxes				29,544
Other Taxes, Levied for General Purposes, Net				65,282
Grants, Subsidies and Contributions not Restricted				13,249
Investment Earnings				71,864
Miscellaneous Income				<u>30,314</u>
Total General Receipts				<u>803,487</u>
Change in Net Position				47,102
Net Position - January 1, 2013				<u>588,206</u>
Net Position - December 31, 2013				<u>\$ 635,308</u>

See Accompanying Notes

**Borough of Heidelberg**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**December 31, 2013**

**Exhibit 3**

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	<u>\$219,280</u>	<u>\$167,717</u>	<u>\$206,833</u>	<u>\$50,765</u>	<u>\$644,595</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Payroll Deductions and Withholdings	\$ 257	\$ -	\$ -	\$ -	\$ 257
Other Current Liabilities	<u>2,378</u>	<u>-</u>	<u>6,652</u>	<u>-</u>	<u>9,030</u>
Total Liabilities	<u>2,635</u>	<u>-</u>	<u>6,652</u>	<u>-</u>	<u>9,287</u>
<b>Fund Balances</b>					
Restricted	-	-	-	17,951	17,951
Committed	70,603	-	-	-	70,603
Assigned	5,882	167,717	200,181	32,814	406,594
Unassigned	<u>140,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,160</u>
Total Fund Balances	<u>216,645</u>	<u>167,717</u>	<u>200,181</u>	<u>50,765</u>	<u>635,308</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$219,280</b></u>	<u><b>\$167,717</b></u>	<u><b>\$206,833</b></u>	<u><b>\$50,765</b></u>	<u><b>\$644,595</b></u>

See Accompanying Notes

**Borough of Heidelberg**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**Year Ended December 31, 2013**

**Exhibit 4**

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$688,060	\$ -	\$ -	\$ -	\$ 688,060
Licenses and Permits	32,659	-	-	-	32,659
Fines and Forfeits	16,956	-	-	-	16,956
Interest, Rents and Royalties	71,614	75	137	38	71,864
Intergovernmental	9,859	-	247,500	30,536	287,895
Charges for Services	26,330	277,325	-	-	303,655
Miscellaneous	<u>17,256</u>	-	-	-	<u>17,256</u>
<b>Total Revenues</b>	<u>862,734</u>	<u>277,400</u>	<u>247,637</u>	<u>30,574</u>	<u>1,418,345</u>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	149,802	-	14,499	-	164,301
Public Safety	277,649	-	-	-	277,649
Public Works - Sanitation	69,546	243,484	-	-	313,030
Public Works - Highways	81,587	-	270,919	27,558	380,064
Public Works - Other Services	3,128	-	-	-	3,128
Culture - Recreation	26,130	-	5,160	-	31,290
Miscellaneous	105,871	-	-	-	105,871
<b>Debt Service:</b>					
Principal	66,865	14,144	-	-	81,009
Interest	<u>13,313</u>	<u>1,588</u>	-	-	<u>14,901</u>
<b>Total Expenditures</b>	<u>793,891</u>	<u>259,216</u>	<u>290,578</u>	<u>27,558</u>	<u>1,371,243</u>
<b>Excess (Deficiency) of Revenues   Over Expenditures</b>	<u>68,843</u>	<u>18,184</u>	<u>(42,941)</u>	<u>3,016</u>	<u>47,102</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	25,450	-	64,600	14,800	104,850
Transfers Out	<u>(64,400)</u>	<u>(40,450)</u>	-	-	<u>(104,850)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(38,950)</u>	<u>(40,450)</u>	<u>64,600</u>	<u>14,800</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	29,893	(22,266)	21,659	17,816	47,102
<b>Fund Balances - January 1, 2013</b>	<u>186,752</u>	<u>189,983</u>	<u>178,522</u>	<u>32,949</u>	<u>588,206</u>
<b>Fund Balances - December 31, 2013</b>	<u>\$216,645</u>	<u>\$167,717</u>	<u>\$200,181</u>	<u>\$50,765</u>	<u>\$ 635,308</u>

See Accompanying Notes



**Borough of Heidelberg**  
**Statement of Net Position - Modified Cash Basis**  
**Fiduciary Funds**  
**December 31, 2013**

**Exhibit 5**

	Pension Trust Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 15,719
Investments	
Common Stock	45,628
ETFs	124,658
Guaranteed Insurance Contracts	169,843
Mutual Funds	139,234
Other Securities	<u>57,559</u>
<b>TOTAL ASSETS</b>	<u>552,641</u>
<b>NET POSITION</b>	
Net Position Held in Trust for Pension Benefits	<u>\$552,641</u>

See Accompanying Notes

**Borough of Heidelberg**  
**Statement of Changes in Net Position - Modified Cash Basis**  
**Fiduciary Funds**  
**Year Ended December 31, 2013**

**Exhibit 6**

	Pension Trust Funds
<b>Additions</b>	
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 53,948
Interest and Dividends	<u>22,813</u>
Total Investment Income	76,761
Less Investment Expense	<u>4,337</u>
Total Additions	<u>72,424</u>
<b>Deductions</b>	
Benefits	21,010
Administrative Expenses	<u>292</u>
Total Deductions	<u>21,302</u>
Change in Net Position	51,122
Net Position - January 1, 2013	<u>501,519</u>
Net Position - December 31, 2013	<u>\$552,641</u>

See Accompanying Notes

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies**

The Borough of Heidelberg (the "Borough") was incorporated on March 14, 1903 under the provisions of Article 9, Section I of the Constitution of the Commonwealth of Pennsylvania, as amended. The Borough operates under a Mayor/Council form of government.

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies used by the Borough are discussed below.

**A. Basic Financial Statements - Government-Wide Statements**

The Borough's basic financial statements include both government-wide (reporting the Borough as a whole) and fund financial statements (reporting the Borough's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Borough's police, highway, sanitation, parks and general administrative services are all classified as governmental activities. The Borough reports no business-type activities.

In the government-wide statement of net position, governmental activities are presented on a consolidated basis by column.

The government-wide statement of activities reports both the gross and net cost of each of the Borough's functions. The functions are also supported by general government receipts (certain intergovernmental revenues, charges for services, etc.). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works - sanitation, public works - highways, culture and recreation, etc.). Operating grants include operating-specific and discretionary (either operating or capital).

The net costs by function are normally covered by general receipts including real estate taxes, earned income taxes, intergovernmental receipts, interest income and rents.

The government-wide focus is more on the Borough as an entity and the change in the Borough's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

**B. Basic Financial Statements - Fund Financial Statements**

Fund financial statements of the Borough are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental, proprietary and fiduciary. The Borough reports no proprietary-type funds.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column. GASBS No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**1. Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Borough reports these major governmental funds and fund types:

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

The *sewer fund special revenue fund* accounts for revenues and expenditures related to sanitation services provided to Borough residents.

The *capital projects fund* accounts for revenues and expenditures related to capital purchases and capital improvements within the Borough.

The Borough also reports as nonmajor governmental funds the following:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Highway Aid Fund is considered a special revenue fund.

*Capital projects funds* are used to account for financial resources for capital facilities or equipment. The Road Fund is considered a capital projects fund.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

**B. Basic Financial Statements - Fund Financial Statements (Cont'd)**

**2. Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support Borough programs. The reporting focus is on net position and changes in net position. The Borough's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The Borough reports the following fund type:

The *pension trust fund* accounts for the activities of the police pension, which accumulates resources for pension benefit payments to covered employees.

Fiduciary funds are not incorporated into the government-wide financial statements.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the government-wide statement of net position and the statement of activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in the basis of accounting note below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate.

All governmental and fiduciary funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide statement of net position, the statement of activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

**C. Measurement Focus and Basis of Accounting (Cont'd)**

**Basis of Accounting (Cont'd)**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The Borough has not recorded capital assets and infrastructure arising from cash transactions or the provision for accumulated depreciation and depreciation expense in the government-wide statements, which should be included to be in conformity with the modified cash basis of accounting.

Outside debt and other long-term liabilities have not been recognized in the government-wide statement of net position and the fund financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental and fiduciary funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**D. Financial Statement Amounts**

**1. Cash and Cash Equivalents**

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

**2. Investments**

Investments for the government are reported at fair value.

**3. Government-wide Net Position**

Government-wide net position is divided into two components:

Restricted - consist of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted - all other net position is reported in this category.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

**D. Financial Statement Amounts (Cont'd)**

**4. Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

**Committed** - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Borough's highest level of authority, Borough Council. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

**Assigned** - reflects the Borough's intent to use the money for a specific purpose, but is not considered restricted or committed. Fund balance may be assigned by management.

**Unassigned** - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

**5. Use of Restricted Resources**

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. In governmental funds, the Borough's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

**6. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

D. Financial Statement Amounts (Cont'd)

6. Interfund Activity (Cont'd)

benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Note 2 - Fund Balance Classifications**

The restricted, committed and assigned fund balances as of December 31, 2013 were as follows:

1. Fund balance in nonmajor funds is restricted for the following purposes: highway maintenance; rebuilding; and construction projects.
2. The committed fund balance in the general fund is for budgetary reserve purposes. The budgetary reserve fund is considered a stabilization fund under GASBS No. 54 and was established by Ordinance No. 506 of the Borough of Heidelberg in October 1994. This ordinance lays the foundation for what this fund can be used for (for example: disaster; loss of revenue; unanticipated declines in revenue; unexpected costs due to breakage or malfunction of equipment; et cetera). There is no codified policy as to additions to the fund; however, historically, surplus funds from unassigned general fund revenues have been allocated to the budgetary reserve fund by motion and vote of Borough Council.
3. The assigned fund balances in the general, sewer, capital projects and nonmajor funds are for the following purposes:

a. Special projects	\$ 387
b. Recreation expenditures	5,495
c. Sanitary sewer	167,717
d. Future capital expenditures	200,181
e. Future roadway improvements	32,814

**Note 3 - Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis for the general fund and the sewer fund. Expenditures may not legally exceed budget appropriations at the fund level. As a matter of policy, all budget transfers are approved by Council.

The budgetary procedures utilized by the Borough are prescribed in the Borough Code. These procedures are as follows:



**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 3 - Budgets and Budgetary Accounting (Cont'd)**

- A. The budget is prepared in any manner designated by Council.
- B. Boroughs must prepare the budget not less than thirty days before adoption.
- C. Notice that the proposed budget is available for inspection must be published by the Secretary in a newspaper of general circulation and the proposed budget must be kept on file with and be made available for public inspection by the Secretary for a period of ten days after notice and prior to adoption.
- D. On or before December 31, Council must finally adopt the budget. Upon completion of the budget, Council shall adopt the real estate tax ordinance.

**Note 4 - Deposits and Investments**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Borough adheres to state statutes and/or prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or highly liquid money market funds and are captioned as cash in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2013, \$225,277 of the Borough's bank balance of \$667,971 was exposed to custodial credit risk as follows:

Uninsured and Collateral held by Pledging Bank's Agent not in the Borough's Name	<u>\$225,277</u>
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**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 4 - Deposits and Investments (Cont'd)**

**Custodial Credit Risk - Deposits (Cont'd)**

As of December 31, 2013, the Borough had the following investments:

Guaranteed Insurance Contracts	\$169,843
Mutual Funds	139,234
ETFs	124,658
Common Stock	45,628
Other Securities	<u>57,559</u>
	<u>\$536,922</u>

Interest Rate Risk - The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The Borough places no limit on the amount it may invest in any one issue.

**Note 5 - Real Estate Taxes**

At the time of the adoption of the budget, Council also enacts an ordinance which levies the property tax for the upcoming year. Property taxes become due as of July 1. Between the period of April 1 and May 31, they are payable at a 2% discount. After June 1 until July 31, they are due at the face amount of the tax. Following July 31, a 10% penalty is assessed against all outstanding property taxes. The real estate tax rate is 6.95 mills.

**Note 6 - Long-Term Debt**

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

	Balance 01/01/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Notes	\$360,196	\$ -	\$66,865	\$293,331	\$70,338
Capital Leases	43,982	-	14,144	29,838	14,654
Compensated Absences	<u>7,926</u>	<u>1,583</u>	<u>618</u>	<u>8,891</u>	-
<b>Governmental Activities</b>					
Long-Term Liabilities	<u>\$412,104</u>	<u>\$1,583</u>	<u>\$81,627</u>	<u>\$332,060</u>	<u>\$84,992</u>

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 6 - Long-Term Debt (Cont'd)**

Governmental Activities

As of December 31, 2013, the long-term debt arising from cash transactions payable from governmental fund resources consisted of the following:

General Obligation Notes

General Obligation Note - \$242,250 Issue of 2004 due monthly through 2019; interest at 4.0% per annum.	\$100,738
General Obligation Note - \$460,000 Issue of 2000 due quarterly through 2015; interest at 5.59% per annum.	52,816
General Obligation Note - \$155,000 Issue of 2012 due monthly through March 2027; interest at 2.99% per annum first 60 months and variable thereafter	<u>139,777</u>
	<u>\$293,331</u>

The annual requirements to amortize all notes outstanding as of December 31, 2013, are as follows:

Year Ended December 31,	General Obligation Notes		Totals
	Principal	Interest	
2014	\$ 70,338	\$ 9,840	\$ 80,178
2015	36,826	6,898	43,724
2016	28,704	5,735	34,439
2017	29,776	4,663	34,439
2018	30,890	3,549	34,439
2019-2023	57,775	10,067	67,842
2024-2027	<u>39,022</u>	<u>1,940</u>	<u>40,962</u>
	<u>\$293,331</u>	<u>\$42,692</u>	<u>\$336,023</u>

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 7 - Capital Leases**

The Borough entered into a lease agreement as lessee for financing the acquisition of a backhoe/front loader in the total principal amount of \$73,364 on March 28, 2011. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2013, were as follows:

Year Ended December 31,	Governmental Activities
2014	\$15,731
2015	<u>15,731</u>
Total minimum lease payments	31,462
Less: Amount Representing Interest	<u>(1,624)</u>
Present Value of Minimum Lease Payments	<u>\$29,838</u>

**Note 8 - Defined Benefit Pension Plan**

A. Plan Description, Contribution Information, and Funding Policies

The Borough of Heidelberg contributes to a Defined Benefit Pension Plan. Assets are held separately and may be used only for the payment of benefits to the members of the Plan.

Borough of Heidelberg Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough as a member of the police force is eligible to participate in the Plan.

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see notes 1C and 4. The Plans do not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>
Date Established	July 15, 1980
Governing Authority and Administrator	Borough Council and Ordinances

**Borough of Heidelberg  
Notes to Financial Statements  
December 31, 2013**

**Note 8 - Defined Benefit Pension Plan (Cont'd)**

**A. Plan Description, Contribution Information, and Funding Policies (Cont'd)**

	<u>PPP</u>
Determination of Contribution Requirements Employer Plan Members	Actuarially Determined \$-0- 5% of covered payroll; currently waived
Funding of Administrative Costs	Investment Earnings
Eligibility Requirements	
Normal Retirement	Age 55 and 20 years of service if hired prior to January 17, 1989, age 55 and 25 years of service after
Early Retirement	None
Vesting	12 years of service
Retirement Benefit	50% of final 36-month average compensation if hired prior to December 31, 2007, 50% of final 60-month average after
Service Increment	\$100 per month after 25 years of service
Post Retirement Benefit Increases	Annual increase on date of retirement in the monthly benefit equal to the percentage change in the CPI-W during the last year, multiplied by the pension benefit less the service increment. Total increases may not exceed 30% of the retiree's original benefit, nor sum of the benefit and all increases exceed 75% of the original average monthly salary. COLA for those hired before December 16, 1997.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 8 - Defined Benefit Pension Plan (Cont'd)**

A. Plan Description, Contribution Information, and Funding Policies (Cont'd)

	<u>PPP</u>
Provisions for Disability Benefits	Yes
Provisions for Death Benefits	Yes

Memberships of the Plan are as follows, based on the latest actuarial valuation reports dated January 1, 2013:

	<u>PPP</u>
Nonvested Active Members	3
Fully Vested Active Members	1
Terminated with Vesting	-
Retirees and Beneficiaries	
Currently Receiving Benefits	<u>1</u>
Total	<u>5</u>

Actuarial assumptions and other information used to determine the annual required contributions (ARC) are located in the Supplementary Information Section of this report.

B. Annual Pension Cost, Net Pension Obligation, and Reserves

Current year annual pension costs for the Police Pension Plan are shown in the trend information provided below. No annual contributions were required to be made. There were no net pension obligations for the Plan. There are no assets legally reserved for purposes other than the payment of Plan member benefits for the Plan.

The following represents investments of 5% or more of the Police Pension Fund's plan assets:

Guaranteed Insurance Contracts	
Standard Life Insurance Company of Indiana	\$169,843

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 8 - Defined Benefit Pension Plan (Cont'd)**

C. Trend Information

Year Ended December 31,	Police Pension		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (NPO)
2011	\$-0-	N/A	\$-0-
2012	-0-	N/A	-0-
2013	-0-	N/A	-0-

**Note 9 - Risk Management**

The Borough is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not significantly exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from the prior year. The Borough also purchases commercial insurance for its employees' health and accident insurance coverage.

**Note 10 - Interfund Transfers**

For the year ended December 31, 2013, interfund transfers consisted of the following:

Transfer To	Transfer From		Totals
	General Fund	Sewer Fund	
General Fund	\$ -	\$25,450	\$ 25,450
Capital Projects Fund	49,600	15,000	64,600
Nonmajor Funds	<u>14,800</u>	<u>-</u>	<u>14,800</u>
	<u>\$64,400</u>	<u>\$40,450</u>	<u>\$104,850</u>

The transfer to the capital projects funds and road fund from the general fund was made to fund future roadway improvements and other capital purchases.

**Borough of Heidelberg**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 10 - Interfund Transfers (Cont'd)**

The transfers to the general fund and capital projects fund from the sewer fund were to reimburse the general fund for salaries and other general expenses relating to the administration of sanitary sewer services and fund future sewer capital expenditures.

**Note 11 - Leases - Lessor**

The Borough leases a piece of property under a noncancellable operating lease. The lease was renewed at February 5, 2010 for two years with an exercised option to extend through February 4, 2015. The Borough also leases space for two bus shelters under a noncancellable operating lease. In 2012, the Borough purchased a piece of commercial property and executed a lease for office space on the second floor. The lease commenced on October 1, 2012 and expires September 30, 2014. The following is a schedule by years of future minimum rentals under the leases at December 31, 2013:

Year Ended December 31,	Amount
2014	\$61,394
2015	5,375
2016	1,400
2017	<u>1,400</u>
	<u>\$69,569</u>

Total payments received under these leases in 2013 were \$70,008.



**SUPPLEMENTARY  
INFORMATION SECTION**

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit A**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Real Estate Taxes				
Current	\$432,600	\$432,600	\$444,553	\$ 11,953
Delinquent	12,000	12,000	11,565	(435)
Liened	1,000	1,000	3,163	2,163
Regional Asset District - Sales Tax	35,000	35,000	36,786	1,786
Per Capita Taxes				
Current	-	-	69	69
Delinquent	500	500	11	(489)
Real Estate Transfer Taxes	8,000	8,000	12,949	4,949
Earned Income Taxes/Wage Taxes	112,000	112,000	133,953	21,953
Local Services Tax	9,500	9,500	10,902	1,402
Mechanical Device Taxes	2,300	2,300	4,565	2,265
Business Privilege Taxes	<u>29,000</u>	<u>29,000</u>	<u>29,544</u>	<u>544</u>
<b>Total Taxes</b>	<u>641,900</u>	<u>641,900</u>	<u>688,060</u>	<u>46,160</u>
<b>Licenses and Permits</b>				
Cable Television Franchise	25,000	25,000	25,389	389
All Other Licenses and Permits	<u>7,800</u>	<u>7,800</u>	<u>7,270</u>	<u>(530)</u>
<b>Total Licenses and Permits</b>	<u>32,800</u>	<u>32,800</u>	<u>32,659</u>	<u>(141)</u>
<b>Fines and Forfeits</b>	<u>22,200</u>	<u>22,200</u>	<u>16,956</u>	<u>(5,244)</u>
<b>Interest, Rents and Royalties</b>				
Interest Earnings	200	200	206	6
Rents and Royalties	<u>71,485</u>	<u>71,485</u>	<u>71,408</u>	<u>(77)</u>
<b>Total Interest, Rents and Royalties</b>	<u>71,685</u>	<u>71,685</u>	<u>71,614</u>	<u>(71)</u>
<b>Intergovernmental</b>				
State				
All Other State Capital and Operating Grants	-	-	1,000	1,000
Public Utility Realty Tax	805	805	768	(37)

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit A**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues (Cont'd)</b>				
Intergovernmental (Cont'd)				
State (Cont'd)				
Alcoholic Beverage Taxes	\$ 300	\$ 300	\$ 150	\$ (150)
All Other State Shared Rev. & Entitl.	<u>6,775</u>	<u>6,775</u>	<u>7,941</u>	<u>1,166</u>
Total Intergovernmental Revenues	<u>7,880</u>	<u>7,880</u>	<u>9,859</u>	<u>1,979</u>
Charges for Services				
General Government	4,700	4,700	5,811	1,111
Public Safety	500	500	8,779	8,279
All Other Charges for Highways & Street Services	4,900	4,900	6,063	1,163
Culture and Recreation	<u>-</u>	<u>-</u>	<u>5,677</u>	<u>5,677</u>
Total Charges for Services	<u>10,100</u>	<u>10,100</u>	<u>26,330</u>	<u>16,230</u>
Miscellaneous Revenues				
Contributions and Donations from				
Private Sources	-	-	12,331	12,331
Other Miscellaneous Revenues	644	644	725	81
Refunds of Prior Year's Expenditures	<u>1,800</u>	<u>1,800</u>	<u>4,200</u>	<u>2,400</u>
Total Miscellaneous Revenues	<u>2,444</u>	<u>2,444</u>	<u>17,256</u>	<u>14,812</u>
<b>Total Revenues</b>	<u><b>789,009</b></u>	<u><b>789,009</b></u>	<u><b>862,734</b></u>	<u><b>73,725</b></u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative Body				
Personal Services	3,600	3,600	3,600	-
Executive				
Personal Services	45,578	45,578	45,578	-
Other Services & Charges	-	-	1,239	(1,239)
Financial Administrative				
Other Services & Charges	4,575	4,575	4,575	-

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit A**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
General Government (Cont'd)				
Tax Collection				
Personal Services	\$ 16,000	\$ 16,000	\$ 16,312	\$ (312)
Supplies	1,300	1,300	1,134	166
Other Services & Charges	23,770	23,770	7,782	15,988
Law				
Other Services & Charges	22,000	22,000	19,763	2,237
Personnel Administration				
Supplies	2,300	2,300	1,489	811
Other Services & Charges	9,175	9,175	8,684	491
Data Processing				
Other Services & Charges	600	600	497	103
Engineer				
Other Services & Charges	13,000	13,000	10,813	2,187
General Gov't. Buildings & Plant				
Supplies	2,400	2,400	2,393	7
Other Services & Charges	23,320	23,320	15,272	8,048
Capital Construction	<u>3,000</u>	<u>3,000</u>	<u>10,671</u>	<u>(7,671)</u>
Total General Government	<u>170,618</u>	<u>170,618</u>	<u>149,802</u>	<u>20,816</u>
Public Safety				
Police				
Personal Services	199,083	199,083	197,020	2,063
Supplies	27,300	27,300	22,323	4,977
Other Services & Charges	19,525	19,525	21,705	(2,180)
Fire				
Other Services & Charges	7,000	7,000	6,600	400
Contributions, Grants & Subs.	16,775	16,775	17,870	(1,095)
Planning and Zoning				
Other Services & Charges	<u>9,500</u>	<u>9,500</u>	<u>12,131</u>	<u>(2,631)</u>
Total Public Safety	<u>279,183</u>	<u>279,183</u>	<u>277,649</u>	<u>1,534</u>

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit A**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Sanitation				
Solid Waste Collection and Disposal				
Other Services & Charges	\$ <u>69,800</u>	\$ <u>69,800</u>	\$ <u>69,546</u>	\$ <u>254</u>
Public Works - Highways				
General Service - Administration				
Personal Services	60,712	60,712	56,724	3,988
Supplies	22,700	22,700	21,607	1,093
Other Services & Charges	3,300	3,300	3,256	44
Maintenance & Repairs to Roads & Bridges				
Capital Construction	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Total Highways	<u>96,712</u>	<u>96,712</u>	<u>81,587</u>	<u>15,125</u>
Public Works - Other Services				
Storm Water and Flood Control				
Other Services & Charges	<u>3,128</u>	<u>3,128</u>	<u>3,128</u>	-
Total Public Works	<u>169,640</u>	<u>169,640</u>	<u>154,261</u>	<u>15,379</u>
Culture - Recreation				
Administration				
Other Services & Charges	-	-	525	(525)
Parks				
Other Services & Charges	8,100	8,100	7,803	297
Civil and Military Celebrations				
Other Services & Charges	1,000	1,000	16,802	(15,802)
Contributions, Grants & Subs.	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
Total Culture - Recreation	<u>9,100</u>	<u>9,100</u>	<u>26,130</u>	<u>(17,030)</u>
Miscellaneous				
Workers' Comp. Contributions	20,000	20,000	21,873	(1,873)
Unemployment Compensation	3,800	3,800	2,715	1,085
Other Group Insurance Benefits	35,300	35,300	36,856	(1,556)

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit A**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Miscellaneous (Cont'd)				
Social Security Taxes	\$ 24,363	\$ 24,363	\$ 24,451	\$ (88)
Insurance, Casualty & Surety	16,750	16,750	17,834	(1,084)
Other Employee Benefits	3,116	3,116	2,142	974
Other Miscellaneous Expenditures	<u>681</u>	<u>681</u>	<u>-</u>	<u>681</u>
Total Miscellaneous	<u>104,010</u>	<u>104,010</u>	<u>105,871</u>	<u>(1,861)</u>
Debt Service:				
Debt				
Principal	66,905	66,905	66,865	40
Interest	<u>13,273</u>	<u>13,273</u>	<u>13,313</u>	<u>(40)</u>
Total Debt Service	<u>80,178</u>	<u>80,178</u>	<u>80,178</u>	<u>-</u>
Total Expenditures	<u>812,729</u>	<u>812,729</u>	<u>793,891</u>	<u>18,838</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(23,720)</u>	<u>(23,720)</u>	<u>68,843</u>	<u>92,563</u>
Other Financing Sources (Uses)				
Transfers In	25,450	25,450	25,450	-
Transfers Out				
Debt Service Fund	-	-	(14,800)	(14,800)
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>(49,600)</u>	<u>(49,600)</u>
Total Other Financing Sources (Uses)	<u>25,450</u>	<u>25,450</u>	<u>(38,950)</u>	<u>(64,400)</u>
Net Change in Fund Balance	1,730	1,730	29,893	28,163
Fund Balance - January 1, 2013	<u>-</u>	<u>-</u>	<u>186,752</u>	<u>186,752</u>
Fund Balance - December 31, 2013	<u>\$ 1,730</u>	<u>\$ 1,730</u>	<u>\$216,645</u>	<u>\$214,915</u>

**Borough of Heidelberg**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**Sewer Fund - Budget and Actual**  
**Year Ended December 31, 2013**

**Exhibit B**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest Rents and Royalties				
Interest Earnings	\$ 100	\$ 100	\$ 75	\$ (25)
Charges for Services				
Sanitary Sewer Collections	<u>301,610</u>	<u>301,610</u>	<u>277,325</u>	<u>(24,285)</u>
<b>Total Revenues</b>	<u>301,710</u>	<u>301,710</u>	<u>277,400</u>	<u>(24,310)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works - Sanitation				
Waste Water Collection and Treatment	315,273	315,273	243,484	71,789
<b>Debt Service:</b>				
Principal	14,144	14,144	14,144	-
Interest	<u>1,588</u>	<u>1,588</u>	<u>1,588</u>	<u>-</u>
<b>Total Expenditures</b>	<u>331,005</u>	<u>331,005</u>	<u>259,216</u>	<u>71,789</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(29,295)</u>	<u>(29,295)</u>	<u>18,184</u>	<u>47,479</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(40,450)</u>	<u>(40,450)</u>	<u>(40,450)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(69,745)</u>	<u>(69,745)</u>	<u>(22,266)</u>	<u>47,479</u>
<b>Fund Balance - January 1, 2013</b>	<u>130,000</u>	<u>130,000</u>	<u>189,983</u>	<u>59,983</u>
<b>Fund Balance - December 31, 2013</b>	<u>\$ 60,255</u>	<u>\$ 60,255</u>	<u>\$ 167,717</u>	<u>\$ 107,462</u>

**Borough of Heidelberg**  
**Required Supplementary Information**  
**Defined Benefit Pension Trust Fund**  
**December 31, 2013**

**Exhibit C**

**1. Schedules of Funding Progress**

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/09	\$604,393	\$237,477	\$(366,916)	255 %	\$117,016	N/A
01/01/11	569,244	228,358	(340,886)	249 %	169,300	N/A
01/01/13	580,667	296,011	(284,656)	196 %	167,725	N/A

**2. Schedules of Employer's Contributions**

Year Ended December 31,	Police Pension Plan	
	Annual Required Contribution	Percentage Contributed
2008	\$-0-	N/A
2009	-0-	N/A
2010	-0-	N/A
2011	-0-	N/A
2012	-0-	N/A
2013	-0-	N/A

**3. Notes to Required Supplementary Information**

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

	<u>Police Pension Plan</u>
Valuation Date	January 1, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A



**Borough of Heidelberg  
Required Supplementary Information  
Defined Benefit Pension Trust Fund  
December 31, 2013**

**Exhibit C**

**3. Notes to Required Supplementary Information (Cont'd)**

Police Pension Plan (Cont'd)

Asset Valuation Method	Method as described in Act 205, Section 210(a)
Actuarial Assumptions	
Investment Rate of Return	6.75%
Projected Salary Increases	3.75%

**Borough of Heidelberg**  
**Combining Balance Sheet**  
**Modified Cash Basis**  
**Nonmajor Governmental Funds**  
**December 31, 2013**

Exhibit D

	Highway Aid Fund	Road Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	<u>\$17,951</u>	<u>\$32,814</u>	<u>\$50,765</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Restricted	17,951	-	17,951
Assigned	<u>-</u>	<u>32,814</u>	<u>32,814</u>
Total Fund Balances	<u>17,951</u>	<u>32,814</u>	<u>50,765</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$17,951</u>	<u>\$32,814</u>	<u>\$50,765</u>

**Borough of Heidelberg**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Modified Cash Basis**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2013**

**Exhibit E**

	Highway Aid Fund	Road Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Interest, Rents and Royalties	\$ 5	\$ 33	\$ 38
Intergovernmental	<u>30,536</u>	<u>-</u>	<u>30,536</u>
 Total Revenues	 <u>30,541</u>	 <u>33</u>	 <u>30,574</u>
<b>Expenditures</b>			
Public Works - Highways	<u>27,558</u>	<u>-</u>	<u>27,558</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>2,983</u>	 <u>33</u>	 <u>3,016</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>-</u>	<u>14,800</u>	<u>14,800</u>
 Net Changes in Fund Balances	 2,983	 14,833	 17,816
 Fund Balance - January 1, 2013	 <u>14,968</u>	 <u>17,981</u>	 <u>32,949</u>
 Fund Balance - December 31, 2013	 <u>\$17,951</u>	 <u>\$32,814</u>	 <u>\$50,765</u>