

BOROUGH OF AMBLER

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2013

**BOROUGH OF AMBLER
DIRECTORY**

MAYOR

Bud Wahl

(Term expires December 31, 2013)

MEMBERS OF BOROUGH COUNCIL

(Terms expire December 31, 2013)

Ed Curtis
Thomas Kenney
Patricia Strus
Francine Tomlinson

(Terms expire December 31, 2015)

Peter Amento
Antonio Isabella
Salvatore Pasceri
Claudio Zaccone

OFFICERS

Antonio Isabella
Peter Amento
Marita Bondi

President of Council
Vice President
Treasurer

BOROUGH MANAGER

Mary Aversa

FINANCE MANAGER

Bernie Wojciechowski

TAX COLLECTOR

Bernadette Dougherty

SOLICITOR

Joseph E. Bresnan

ACCOUNTANTS

CliftonLarsonAllen LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Borough Council
Borough of Ambler
Ambler, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ambler (Pennsylvania), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 entity'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 entity'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 of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ambler as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 15 to the financial statements, during 2013, it was noted that the Other Post Employment Benefits liability was improperly allocated among various funds. As of January 1, 2013, the governmental activities, water fund and sewer fund net positions were restated to correct for the error. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the Borough of Ambler implemented the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 65 –*Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2013, which represents a change in accounting principle. The Borough's water fund net position as of January 1, 2013 was restated to comply with GASB Statement No. 65. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension funding progress and contributions, and budgetary comparison information on pages 4-13, 53-54 and 55-60 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Ambler's basic financial statements. The combining nonmajor fund financial statements, schedules and budgetary comparison information, combining schedules of fiduciary funds and schedule of lien property taxes receivable on pages 61-78 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Borough Council
Borough of Ambler

The combining nonmajor fund financial statements, schedules and budgetary comparison information, combining schedules of fiduciary funds and schedule of liened property taxes receivable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, schedules and budgetary comparison information, combining schedules of fiduciary funds and schedule of liened property taxes receivable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 4, 2014

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

This section of Ambler Borough's annual financial report presents our discussion and analysis of the Borough's financial performance during the fiscal year that ended on December 31, 2013.

Our discussion and analysis of Ambler Borough's financial performance provides an overview of the Borough's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the Borough's financial statements, which begin with the statement of net position.

Financial Highlights

- The assets of the Borough exceeded its liabilities by \$10,656,939 (net position).
- The Borough's total net position increased by \$223,314.

Overview of the Financial Statements

The Borough's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Borough. The components of the report include the independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and not required supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Borough's financial position.

Management's discussion and analysis (MD&A), prepared by the Borough's management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statement of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Borough.

- The statement of net position focuses on resources available for future operations. This statement presents a snapshot view of the assets the Borough owns, the liabilities it owes and the net difference.
- The statement of activities focuses on gross and net costs of the Borough programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Overview of the Financial Statements (Continued)

- Fund financial statements focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Borough's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the Borough's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Funds represent the Borough's Sanitary Sewer and Water Funds and can be found in more detail beginning with the statement of net position, Proprietary Fund. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Borough's Fiduciary Funds consist of the Pension Funds. Fiduciary Funds are not reflected in the governmental-wide statements because the Borough cannot use these assets to finance its operations.
- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Borough's financial condition.

Other required supplementary information is additional information consisting of budgetary comparisons for the General Fund and Highway fund and pension plan funding progress.

Other supplementary information consists of the combining statements of Other Non-Major Governmental Funds, other budgetary information, combining statements of Fiduciary Funds and the schedule of liened property taxes receivable.

Reporting the Borough as a Whole

Statement of Net Position and Statement of Activities:

Our analysis of the Borough as a whole begins with the statement of net position. One of the most important questions asked about the Borough's finances is, "Is the Borough as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Borough as a whole and about its activities in a way that helps answer this question. In these statements, we divide the Borough into two kinds of activities.

- **Governmental Activities** – Most of the Borough's basic services are reported here, including police, public works, safety and codes, parks and recreation and administration. Real Estate, Business and Earned Income Taxes, fees and charges and grants finance most of these activities.
- **Business-Type Activities** – The Borough charges a fee to customers to cover the cost of certain services it provides. The Borough's Sanitary Sewer and the Water Fund are reported here.

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Reporting the Borough as a Whole (Continued)

Statement of Net Position and Statement of Activities (Continued):

The analysis below focuses on the net position of the Borough's governmental and business-type activities.

**Condensed Statement of Net Position
December 31, 2013**

	2013			2012
	Governmental Activities	Business-type Activities	Total Primary Governmental	
ASSETS				
Current and Other Assets	\$ 4,367,269	\$ 1,218,174	\$ 5,585,443	\$ 4,047,664
Capital Assets	5,712,424	7,882,591	13,595,015	12,129,636
Total Assets	<u>10,079,693</u>	<u>9,100,765</u>	<u>19,180,458</u>	<u>16,177,300</u>
LIABILITIES				
Other Liabilities	2,622,795	1,337,468	3,960,263	2,810,783
Long-term Debt Outstanding	1,890,000	2,673,256	4,563,256	2,855,177
Total Liabilities	<u>4,512,795</u>	<u>4,010,724</u>	<u>8,523,519</u>	<u>5,665,960</u>
NET POSITION				
Net Investment in Capital Assets	3,793,397	5,209,335	9,002,732	9,231,729
Restricted	1,771,641	-	1,771,641	627,954
Unrestricted	1,860	(119,294)	(117,434)	573,942
Total Net Position	<u>\$ 5,566,898</u>	<u>\$ 5,090,041</u>	<u>\$ 10,656,939</u>	<u>\$ 10,433,625</u>

Cash represents 21% of Ambler Borough's total governmental assets. Of this amount, \$948,578 is restricted for highway, \$492,452 is restricted for trash, \$8 is restricted for recycling, \$9 is restricted for the fire fund and \$330,594 is restricted for debt service.

The largest portion of the Borough's governmental assets, 68%, is reflected in its investment in capital asset (e.g. land, buildings and recreation equipment). The Borough uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Assets in the business-type activities column reflect the Borough's investment in its Sanitary Sewer System and Water System. The Borough's Water System services parts of 4 municipalities in addition to the Borough.

Total revenues exceeded total expenses by \$342,418 for governmental activities and total expenses exceeded total revenues by \$119,104 for business-type activities.

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Reporting the Borough as a Whole (Continued)

Government-Wide Activities:

The Borough generates governmental (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund) revenues from a variety of sources. Total general revenue for governmental activities for fiscal 2013 was \$3,531,244. General revenues by source were as follows:

<u>General Revenues</u>	<u>2013</u>		<u>2012</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property Taxes	\$ 1,872,148	53.03	\$ 1,734,353	56.15
Earned Income Tax	1,007,959	28.54	743,402	24.07
Emergency Municipal Service Tax	123,175	3.49	89,846	2.91
State Motor Vehicle Fuel Tax	113,655	3.22	115,515	3.74
Deed Transfer Tax	112,242	3.18	69,004	2.23
Public Utility Realty Tax	3,521	0.10	3,533	0.11
Investment Earnings	46,791	1.33	59,384	1.92
Miscellaneous	251,753	7.13	273,509	8.86
Total General Revenues and Other Items	<u>\$ 3,531,244</u>	<u>100 %</u>	<u>\$ 3,088,546</u>	<u>100 %</u>

The Borough's governmental programs (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund)) consist of 8 operating departments to include police (protection to persons and property), planning commission, health and sanitation, highways, street lighting, fire protection, recreation and administration. Total expenditures, net of program revenues, for fiscal 2013 were \$3,188,826. Expenditures (Net of Program Revenues) by source were as follows:

	<u>2013</u>	<u>2012</u>
General	\$ (22,397)	\$ (74,261)
Tax Collection	11,053	11,080
Borough Office	11,964	38,488
Police (Protection to Persons and Property)	2,136,021	1,958,343
Planning Commission	29,836	49,774
Health and Sanitation	(151,809)	(215,609)
Highways	455,559	443,351
Street Lighting	84,195	71,938
Fire Protection	110,518	105,286
Recreation	106,406	147,726
Miscellaneous	181,732	156,798
Revitalization	34,376	205,714
Capital Outlays	31,707	113,785
Depreciation	169,665	154,177
Total Governmental Activities	<u>\$ 3,188,826</u>	<u>\$ 3,166,590</u>
Change in Net Position (Governmental Activities)	<u>\$ 342,418</u>	<u>\$ (78,044)</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Reporting the Borough as a Whole (Continued)

Government-Wide Activities (Continued):

The Borough's proprietary funds (water fund and sewer fund) total revenue and expenditures, net of program revenues, were as follows:

<u>General Revenues</u>	<u>2013</u>	<u>2012</u>
Investment Earnings	\$ 8,814	\$ 9,818
Miscellaneous	<u>235,488</u>	<u>113,654</u>
Total General Revenues, Transfers and Other Items	<u>\$ 244,302</u>	<u>\$ 123,472</u>
<u>Charges for Services Net of Program Revenues</u>	<u>2013</u>	<u>2012</u>
Water	\$ 274,595	\$ 162,312
Sewer	<u>88,811</u>	<u>225,948</u>
Total Business-Type Activities	<u>\$ 363,406</u>	<u>\$ 388,260</u>
Change in Net Position (Business-Type Activities)	<u>\$ 119,104</u>	<u>\$ (264,788)</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Reporting the Borough as a Whole (Continued)

Government-Wide Activities (Continued):

**CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2013**

	2013			2012
	Governmental Activities	Business-Type Activities	Total Primary Governmental	
REVENUES				
Program Revenues:				
Charges for Services	\$ 978,147	\$ 3,105,470	\$ 4,083,617	\$ 4,024,158
Operating, Capital Grants and Contributions	49,773	-	49,773	567,604
General Revenues:				
Property Taxes	1,872,148	-	1,872,148	1,734,353
Other Taxes	1,360,552	-	1,360,552	1,021,300
Investment Income	46,791	8,814	55,605	69,202
Miscellaneous	251,753	235,488	487,241	387,163
Total Revenues	<u>4,559,164</u>	<u>3,349,772</u>	<u>7,908,936</u>	<u>7,803,780</u>
EXPENSES				
Operating	-	3,033,628	3,033,628	3,357,082
General	178,929	-	178,929	182,871
Tax Collection	11,053	-	11,053	11,080
Borough Office	11,964	-	11,964	38,488
Police (Protection to Persons and Property)	2,186,656	-	2,186,656	2,004,304
Planning Commission	115,754	-	115,754	99,189
Health and Sanitation	488,459	-	488,459	430,932
Highways	455,559	-	455,559	443,351
Street Lighting	84,195	-	84,195	71,938
Fire Protection	158,994	-	158,994	148,013
Recreation	106,406	-	106,406	147,726
Miscellaneous	181,732	-	181,732	156,798
Revitalization	35,673	-	35,673	693,087
Capital Outlays	31,707	-	31,707	113,785
Depreciation	169,665	335,924	505,589	154,177
Interest	-	99,324	99,324	93,791
Total Expenses	<u>4,216,746</u>	<u>3,468,876</u>	<u>7,685,622</u>	<u>8,146,612</u>
CHANGES IN NET POSITION	342,418	(119,104)	223,314	(342,832)
Net Position - Beginning of Year, as Restated	<u>5,224,480</u>	<u>5,209,145</u>	<u>10,433,625</u>	<u>10,776,457</u>
NET POSITION - END OF YEAR	<u>\$ 5,566,898</u>	<u>\$ 5,090,041</u>	<u>\$ 10,656,939</u>	<u>\$ 10,433,625</u>

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Financial Analysis

Governmental Funds:

General Fund – The \$667,356 net change in fund balance was due mostly to additional Earned Income Tax (EIT) receipts brought in by Berkheimer due to their taking over Centax collections. Other revenue was created by closing the health and Accident, Rail Corridor and Road Overlay Funds and transferring the reserves in these funds to the General Fund.

Proprietary Funds:

Water Fund – The \$131,552 excess of expenditures over revenues was primarily due to an increase in repair costs.

Sewer Fund – The \$12,448 excess of revenues over expenditures was primarily due to an increase in costs to the treatment plant.

Revenue Budgetary Highlights (as noted in general fund budget and actual schedules on pages 56-60)

- \$ 323,696 *Tax revenues were higher than budgeted due to higher than expected Earned Income Tax revenue.*
- \$ (481,585) *Fines, Forfeits, and Costs were lower than the budget due to some grants not received as anticipated.*
- \$ 8,470 *Other Receipts were higher than the budget due to the state aid funds not being budgeted for.*

Expense Budgetary Highlights

- \$ (163,168) *Highway expenses were less than budgeted due mainly to the parking lot paving project not being completed*
- \$ (57,159) *Health and Sanitation expenses were less than budgeted due to a decrease in the trash collection expenses.*

Capital Assets and Debt Administration

Capital Assets:

Ambler Borough's capital assets for its governmental and business-type activities as of December 31, 2013 totals \$13,595,015 (net of accumulated depreciation). Borough capital assets include land, infrastructure, site improvements, buildings and machinery and equipment.

This year's major additions included:

Equipment and Vehicles	\$	17,000
Plant Improvements	\$	20,193
Building	\$	1,890,000

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

**CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)
DECEMBER 31, 2013**

	Governmental Activities	Business-Type Activities	Total 2013	Total 2012
Land	\$ 1,284,846	\$ 2,328	\$ 1,287,174	\$ 1,287,174
Construction in Progress	-	10,159	10,159	10,159
Buildings and Improvements	2,767,213	397,319	3,164,532	1,333,106
Site Improvements	136,863	-	136,863	149,003
Machinery, Vehicles, Furniture and Equipment	199,864	145,954	345,818	406,841
Plant in Service	-	7,326,831	7,326,831	7,548,406
Infrastructure	1,323,638	-	1,323,638	1,394,947
Total Capital Assets, Net of Depreciation	<u>\$ 5,712,424</u>	<u>\$ 7,882,591</u>	<u>\$ 13,595,015</u>	<u>\$ 12,129,636</u>

Infrastructure, site improvements, building and machinery and equipment are depreciated using the straight-line method.

Debt

At year end, the Borough had \$4,642,730 in outstanding debt, \$233,375 of which is due within one year. The Borough's business-type activities (Water & Sewer Funds) debt represents 58% of the total debt.

<u>Governmental Activities</u>	<u>2013</u>	<u>2012</u>
General Obligation Note	\$ 1,890,000	\$ -
Capital Lease Payable	42,730	55,817
Total	<u>\$ 1,932,730</u>	<u>\$ 55,817</u>
<u>Business-Type Activities</u>	<u>2013</u>	<u>2012</u>
General Obligation Bonds	<u>\$ 2,710,000</u>	<u>\$ 2,895,000</u>

Economic Factors and Next Year's Budgets and Rates

Economic Factors:

Governmental Activities:

Ambler Borough services an area of approximately one square mile and a community of 6,426 residents. Of the residents, 17.4% are over the age of 65, compared to the national average of 12.4%. Of the residents age 16 and over 67.1% are employed, compared to the national average of 63.9%. The major employers in the Borough are: the Artman Home, LTK Engineering Services, Gessner Products, and the U.S. Post Office. The average median household income is \$ 47,014 compared to the national average of \$41,994 (economic statistics from the 2000 census).

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Economic Factors and Next Year's Budgets and Rates (Continued)

Economic Factors: (Continued)

Governmental Activities: (Continued)

The Borough has undergone many changes over the last few years. Downtown revitalization efforts have seen new decorative street lights and the Ambler Theater has experienced continued success and continues to be a draw for other local businesses. Our park system has been the beneficiary of upgrades at Locust Park including new play equipment, new basketball courts, and a new building with upgraded restroom facilities at Pickering field. The Borough paved Butler Avenue and upgraded all traffic signals with decorative poles and new handicap ramps.

Business-Type Activities:

The Borough water fund services approximately 5,700 customers in a six square mile radius. In addition to Ambler Borough residents, it also services portions of Upper Dublin, Lower Gwynedd, Whitpain and Whitmarsh Townships.

The Water Fund installed new chlorine analyzers in all water facilities. We installed a new building at the Whitmarsh Spring location. New 8" water mains were installed on Butler increasing the flow on Race Street which will include serving our Fire Department. Four hydrants were replaced in the water system and four valves were replaced on Butler Ave. which benefits the Borough during water main breaks.

In 2012 the Water Department began the study and paperwork necessary to ask the Pennsylvania Utilities Commission (PUC) for a rate increase. This rate increase is necessitated by the cost of work on the Loch Alsh dam, in addition to the cost of sealing and recoating the Houston Road water tank. In 2014, determination has been received for this rate increase, due to this lengthy process it will take years of the increased revenue to recover the expenses incurred while awaiting this approval.

In 2011 the transition from the Montgomery County Tax Collector to Berkheimer began. All Ambler residents filed their 2011 Earned Income Tax with Centax for the final time. Centax ceased operations in 2012, and the transfer of records to Berkheimer did not go smoothly, but was finally resolved in 2013 which resulted in an increase in EIT revenue in 2013. We expect the collection to go smoothly going forward.

The Business Privilege Tax of \$240 per year was enacted for 2011. The revenue generated by this tax is being used to fund the purchase and renovation of our new municipal building.

Next Year's Budget:

The Borough's elected and appointed officials considered many factors when setting the fiscal year budget for 2014. Slight projected increases in revenues were sufficient to cover additional inflationary expenditures so a tax increase was not required 2014.

Our projects for 2014 include: The purchase of the Mattison Avenue School will house the Municipal offices and a planned community center. The Borough has recently completed repaving the Lindenwold Municipal Parking lot.

**BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and show the Borough's accountability for the funds it receives and disburses. If you have any questions about this report or to request additional financial information, please contact the Borough Manager or Director of Finance at 122 E. Butler Ave., Ambler, PA 19002.

**BOROUGH OF AMBLER
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,143,543	\$ 901,930	\$ 3,045,473
Taxes Receivable	183,217	-	183,217
Accounts Receivable - Net	374,153	255,056	629,209
Due from Other Funds	1,257,876	-	1,257,876
Due from Other Governments	407,751	-	407,751
Prepaid Items	729	16,084	16,813
Inventories	-	45,104	45,104
Capital Assets Not Being Depreciated:			
Land	1,284,846	2,328	1,287,174
Construction in Progress	-	10,159	10,159
Capital Assets - Net of Depreciation:			
Buildings and Improvements	2,767,213	397,319	3,164,532
Site Improvements	136,863	-	136,863
Machinery, Vehicles, Furniture and Equipment	199,864	145,954	345,818
Plant in Service	-	7,326,831	7,326,831
Infrastructure	1,323,638	-	1,323,638
Total Assets	<u>10,079,693</u>	<u>9,100,765</u>	<u>19,180,458</u>
LIABILITIES			
Accounts Payable	233,443	-	233,443
Accrued Interest	-	21,369	21,369
Due to Other Funds	-	1,257,876	1,257,876
General Obligation Bonds and Note Payable -			
Due Within One Year	29,672	190,000	219,672
Due Beyond One Year	1,860,328	2,483,256	4,343,584
Capital Leases Payable -			
Due Within One Year	13,703	-	13,703
Due Beyond One Year	29,027	-	29,027
Other Post-Employment Benefits -			
Due Beyond One Year	1,834,303	42,860	1,877,163
Escrow Funds Payable	512,319	15,363	527,682
Total Liabilities	<u>4,512,795</u>	<u>4,010,724</u>	<u>8,523,519</u>
NET POSITION			
Net Investment in Capital Assets	3,793,397	5,209,335	9,002,732
Restricted for:			
Highway Fund	948,578	-	948,578
Fire Fund	9	-	9
Debt Service	330,594	-	330,594
Recycling	8	-	8
Trash	492,452	-	492,452
Unrestricted	1,860	(119,294)	(117,434)
Total Net Position	<u>\$ 5,566,898</u>	<u>\$ 5,090,041</u>	<u>\$ 10,656,939</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Governmental Activities:						
General	\$ 178,929	\$ 201,326	-	\$ 22,397	\$ -	\$ 22,397
Tax Collection	11,053	-	-	(11,053)	-	(11,053)
Borough Office	11,964	-	-	(11,964)	-	(11,964)
Protection to Persons and Property	2,186,656	50,635	-	(2,136,021)	-	(2,136,021)
Planning Commission	115,754	85,918	-	(29,836)	-	(29,836)
Health and Sanitation	488,459	640,268	-	151,809	-	151,809
Highways	455,559	-	-	(455,559)	-	(455,559)
Street Lighting	84,195	-	-	(84,195)	-	(84,195)
Fire Protection	158,994	-	48,476	(110,518)	-	(110,518)
Recreation	106,406	-	-	(106,406)	-	(106,406)
Miscellaneous	181,732	-	-	(181,732)	-	(181,732)
Revitalization	35,673	-	1,297	(34,376)	-	(34,376)
Capital Outlays	31,707	-	-	(31,707)	-	(31,707)
Depreciation	169,665	-	-	(169,665)	-	(169,665)
Total Governmental Activities	4,216,746	978,147	49,773	(3,188,826)	-	(3,188,826)
Business-Type Activities:						
Water	2,424,390	2,149,795	-	-	(274,595)	(274,595)
Sewer	1,044,486	955,675	-	-	(88,811)	(88,811)
Total Business-Type Activities	3,468,876	3,105,470	-	-	(363,406)	(363,406)
Total Primary Government	\$ 7,685,622	\$ 4,083,617	\$ 49,773	(3,188,826)	(363,406)	(3,552,232)

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Property Taxes	\$ 1,872,148	\$ -	\$ 1,872,148
Earned Income Tax	1,007,959	-	1,007,959
Emergency Municipal Service Tax	123,175	-	123,175
State Motor Vehicle Fuel Tax	113,655	-	113,655
Deed Transfer Tax	112,242	-	112,242
Public Utility Realty Tax	3,521	-	3,521
Investment Earnings	46,791	8,814	55,605
Miscellaneous	251,753	235,488	487,241
Total General Revenues and Other Items	3,531,244	244,302	3,775,546
CHANGE IN NET POSITION	342,418	(119,104)	223,314
Net Position - Beginning of Year, as Restated (Note 15)	5,224,480	5,209,145	10,433,625
NET POSITION - END OF YEAR	\$ 5,566,898	\$ 5,090,041	\$ 10,656,939

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Highway		
ASSETS				
Cash and Cash Equivalents	\$ 1,224,842	\$ 758,246	\$ 160,455	\$ 2,143,543
Taxes Receivable	182,979	-	238	183,217
Accounts Receivable	60,621	-	313,532	374,153
Due from Other Funds	1,293,361	190,332	427,431	1,911,124
Due from Other Governments	407,751	-	-	407,751
Prepaid Items	-	-	729	729
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,169,554</u>	<u>\$ 948,578</u>	<u>\$ 902,385</u>	<u>\$ 5,020,517</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 233,443	\$ -	\$ -	\$ 233,443
Due to Other Funds	617,763	-	35,485	653,248
Escrow Funds Payable	512,319	-	-	512,319
Total Liabilities	<u>1,363,525</u>	<u>-</u>	<u>35,485</u>	<u>1,399,010</u>
FUND BALANCES				
Non-Spendable	-	-	729	729
Restricted	-	948,578	535,555	1,484,133
Committed	492,452	-	5	492,457
Unassigned, Reported in:				
General Fund	1,313,577	-	-	1,313,577
Fire Fund	-	-	9	9
Health and Accident Fund	-	-	8	8
Revolving Loan Fund	-	-	330,594	330,594
Total Fund Balances	<u>1,806,029</u>	<u>948,578</u>	<u>866,900</u>	<u>3,621,507</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 3,169,554</u>	<u>\$ 948,578</u>	<u>\$ 902,385</u>	<u>\$ 5,020,517</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

Fund Balances - Total Governmental Funds	\$ 3,621,507
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,712,424
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Capital Lease	(42,730)
General Obligation Note Payable	(1,890,000)
Other Post-Employment Benefits	(1,834,303)
	(3,767,033)
Net Position of Governmental Activities	<u>\$ 5,566,898</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Highway		
REVENUES				
Taxes	\$ 2,677,743	\$ -	\$ 325,539	\$ 3,003,282
Foreign Fire Relief	-	-	48,476	48,476
State Motor Vehicle Fuel Tax	-	113,655	-	113,655
Licenses and Permits	279,568	-	-	279,568
Fines, Forfeits and Costs	58,311	-	-	58,311
Interest on Investments	29,276	12,421	5,094	46,791
Grants and Revenue Sharing	1,297	-	-	1,297
Deed Transfer Tax	112,242	-	-	112,242
Refuse Collection	640,268	-	-	640,268
Public Utility Realty Tax	3,521	-	-	3,521
Miscellaneous	238,985	-	12,767	251,752
Total Revenues	<u>4,041,211</u>	<u>126,076</u>	<u>391,876</u>	<u>4,559,163</u>
EXPENDITURES				
General	186,074	-	-	186,074
Tax Collection	11,053	-	-	11,053
Borough Office	11,964	-	-	11,964
Protection to Persons and Property	1,825,245	-	-	1,825,245
Planning Commission	115,754	-	-	115,754
Health and Sanitation	488,459	-	-	488,459
Highways	430,437	25,122	-	455,559
Street Lighting	-	-	84,195	84,195
Fire Protection	10,923	-	148,071	158,994
Recreation	-	-	106,406	106,406
Miscellaneous	181,731	-	-	181,731
Revitalization	35,673	-	-	35,673
Capital Outlays	1,893,595	1,175	26,937	1,921,707
Total Expenditures	<u>5,190,908</u>	<u>26,297</u>	<u>365,609</u>	<u>5,582,814</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,149,697)	99,779	26,267	(1,023,651)
OTHER FINANCING SOURCES (USES)				
Proceeds from General Obligation Note	1,890,000	-	-	1,890,000
Transfers Out	(443,570)	-	81,743	(361,827)
Transfers In	370,623	361,827	(370,623)	361,827
Total Other Financing Sources (Uses)	<u>1,817,053</u>	<u>361,827</u>	<u>(288,880)</u>	<u>1,890,000</u>
NET CHANGE IN FUND BALANCES	667,356	461,606	(262,613)	866,349
Fund Balances - Beginning of Year	<u>1,138,673</u>	<u>486,972</u>	<u>1,129,513</u>	<u>2,755,158</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,806,029</u>	<u>\$ 948,578</u>	<u>\$ 866,900</u>	<u>\$ 3,621,507</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 866,349

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	1,890,000	
Current year depreciation	<u>(169,665)</u>	1,720,335

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment for the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the proceeds of the issuance. (1,890,000)

The governmental funds report debt proceeds as financing sources, while repayment of debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:		
Capital leases	<u>13,087</u>	13,087

Other post-employment benefits do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds as follows:

Change in post-employment benefits	<u>(367,353)</u>	
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Change in Net Position of Governmental Activities \$ 342,418

**BOROUGH OF AMBLER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Water Fund	Sewer Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 641,065	\$ 260,865	\$ 901,930
Accounts Receivable (Net of Allowance For Uncollectibles)	218,603	36,453	255,056
Due from Other Funds	-	26,443	26,443
Prepaid Items	14,229	1,855	16,084
Inventories	45,104	-	45,104
Total Current Assets	<u>919,001</u>	<u>325,616</u>	<u>1,244,617</u>
NON-CURRENT ASSETS			
Capital Assets			
Land	2,328	-	2,328
Construction in Progress	10,159	-	10,159
Building (Net)	394,354	2,965	397,319
Machinery, Vehicles, Furniture and Equipment (Net)	142,805	3,149	145,954
Plant in Service (Net)	7,326,831	-	7,326,831
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,876,477</u>	<u>6,114</u>	<u>7,882,591</u>
Total Non-Current Assets	<u>7,876,477</u>	<u>6,114</u>	<u>7,882,591</u>
Total Assets	8,795,478	331,730	9,127,208
LIABILITIES			
CURRENT LIABILITIES			
Accrued Expenses	20,397	972	21,369
Due to Other Funds	1,162,195	122,124	1,284,319
General Obligation Bonds Payable - Due Within One Year	190,000	-	190,000
Escrow Funds Payable	15,363	-	15,363
Total Current Liabilities	<u>1,387,955</u>	<u>123,096</u>	<u>1,511,051</u>
NON-CURRENT LIABILITIES			
General Obligation Bonds Payable - Due in More Than One Year	2,483,256	-	2,483,256
Other Post-Employment Benefits Due in More Than One Year	36,264	6,596	42,860
Total Non-Current Liabilities	<u>2,519,520</u>	<u>6,596</u>	<u>2,526,116</u>
Total Liabilities	<u>3,907,475</u>	<u>129,692</u>	<u>4,037,167</u>
NET POSITION			
Net Investment in Capital Assets Unrestricted	5,203,221 (315,218)	6,114 195,924	5,209,335 (119,294)
Total Net Position	<u>\$ 4,888,003</u>	<u>\$ 202,038</u>	<u>\$ 5,090,041</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Metered Water Sales	\$ 1,822,243	\$ -	\$ 1,822,243
Sewer Rents	-	955,675	955,675
Water Tower Rental	323,424	-	323,424
Water line Protection	4,128	-	4,128
Miscellaneous	137,896	97,592	235,488
Total Operating Revenues	<u>2,287,691</u>	<u>1,053,267</u>	<u>3,340,958</u>
OPERATING EXPENSES			
Source of Supply	77,959	-	77,959
Purification	108,285	-	108,285
Pumping	376,212	-	376,212
Distribution	614,729	-	614,729
Meter Installation	53,676	-	53,676
Customer Accounting and Collecting	42,152	-	42,152
Collection System	-	18,040	18,040
Administrative	1,052,053	1,026,446	2,078,499
Total Operating Expenses	<u>2,325,066</u>	<u>1,044,486</u>	<u>3,369,552</u>
OPERATING INCOME (LOSS)	(37,375)	8,781	(28,594)
NONOPERATING REVENUE (EXPENSE)			
Interest Income	5,147	3,667	8,814
Debt Service Expense	(99,324)	-	(99,324)
Total Nonoperating Revenue (Expense)	<u>(94,177)</u>	<u>3,667</u>	<u>(90,510)</u>
CHANGE IN NET POSITION	(131,552)	12,448	(119,104)
Net Position- Beginning of Year, as Restated (Note 15)	<u>5,019,555</u>	<u>189,590</u>	<u>5,209,145</u>
NET POSITION - END OF YEAR	<u>\$ 4,888,003</u>	<u>\$ 202,038</u>	<u>\$ 5,090,041</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Water Fund	Sewer Fund	Total
CASH FLOWS OPERATING ACTIVITIES			
Receipts From Customers and Users	\$ 1,787,825	\$ 946,383	\$ 2,734,208
Receipts From Others	461,320	97,592	558,912
Payments to Suppliers and Vendors	(1,329,344)	(971,618)	(2,300,962)
Payments to Employees	(729,154)	(147,788)	(876,942)
Net Cash Provided (Used) by Operating Activities	190,647	(75,431)	115,216
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating Interfund Transfers, Net	756,562	269,489	1,026,051
Net Cash Provided by Non-Capital Financing Activities	756,562	269,489	1,026,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(80,968)	-	(80,968)
Principal Paid on General Obligation Bonds	(185,000)	-	(185,000)
Interest and Expenses Paid on General Obligation Bonds	(99,325)	(799)	(100,124)
Net Cash Used by Capital and Related Financing Activities	(365,293)	(799)	(366,092)
CASH FLOWS FROM INVESTING ACTIVITIES			
Reinvested Interest on Investment	5,147	3,667	8,814
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	587,063	196,926	783,989
Cash and Cash Equivalents - Beginning of Year	54,002	63,939	117,941
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 641,065	\$ 260,865	\$ 901,930

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (37,375)	\$ 8,781	\$ (28,594)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	333,705	2,219	335,924
Amortization Expense	3,878	-	3,878
Change in Assets and Liabilities:			
Increase in Accounts Receivable	(38,546)	(9,292)	(47,838)
(Increase) Decrease in Due from Other Funds	13,698	(26,443)	(12,745)
Increase in Prepaid Expense	(14,229)	(1,855)	(16,084)
Decrease in Accounts Payable	(105,710)	(34,463)	(140,173)
Increase in Accrued Expense	3,521	-	3,521
Increase in Other Post-Employment Benefits	7,262	1,320	8,582
Increase (Decrease) in Due to Other Funds	24,443	(15,698)	8,745
Total Adjustments	<u>228,022</u>	<u>(84,212)</u>	<u>143,810</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 190,647</u>	 <u>\$ (75,431)</u>	 <u>\$ 115,216</u>

See accompanying Notes to Financial Statements.

**BOROUGH OF AMBLER
STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

ASSETS

Cash and Cash Equivalents	\$ 209,732
Accrued Income	18,143
Investments	
Stocks, at Fair Value	6,980,482
Mutual Funds, at Fair Value	<u>6,425,799</u>
 Total Assets	 <u><u>\$ 13,634,156</u></u>

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

(Schedules of Funding Progress are Presented on Pages 53 and 54)	<u><u>\$ 13,634,156</u></u>
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**BOROUGH OF AMBLER
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

ADDITIONS

Contributions:

Plan Members	\$ 54,313
Employer	89,819
Other Contributions	42,965
Total Contributions	<u>187,097</u>

Investment Earnings:

Net Appreciation in Fair Value of Investments	1,962,791
Interest	257
Dividends	298,465
Net Investment Earnings	<u>2,261,513</u>

Total Additions 2,448,610

DEDUCTIONS

Benefits	291,521
Administration and Other	51,903
Total Deductions	<u>343,424</u>

CHANGE IN NET POSITION 2,105,186

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Net Position - Beginning of Year	<u>11,528,970</u>
Net Position - End of Year	<u>\$ 13,634,156</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Borough has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Borough has chosen not to do so. The more significant accounting policies established in GAAP and used by the Borough are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. The significant changes in the statement include the following:

- The financial statements include:
- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Borough's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Borough's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Financial Reporting Entity

The Borough of Ambler was incorporated in 1888 under the laws of the Commonwealth of Pennsylvania. The Borough operates under a council-mayor form of government in accordance with the Pennsylvania Borough Code.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. Based on the criteria set forth by GASB, the Borough has determined that there are no organizations or agencies which qualify as component units which should be included in these financial statements. These statements include the financial activities of the overall Borough government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Borough's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The Borough first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the Borough's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Borough's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or incidental activities.

The Borough reports the following major governmental funds:

The General Fund is the general operating fund of the Borough and accounts for all revenues and expenditures of the Borough not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and capital improvement costs not paid through other funds are paid from the General Fund. The primary sources of revenues are from property taxes, earned income taxes and refuse collection fee.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Highway Aid Fund as required by state law, accounts for receipts from State Motor License Fund (gasoline tax distribution, etc.) to be used for highway related expenses and improvements.

Additionally, the Borough reports the following fund types: (Special revenue funds, capital project funds and debt service funds are included as non-major funds in Other Governmental Funds).

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Lighting Fund, Recreation Fund, Fire Fund, Health and Accident Fund, and the Revolving Loan Fund are classified as special revenue funds.

Capital Project Funds are used to account for all resources for the acquisition of capital equipment and major capital improvements by the Borough.

Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

Proprietary Funds consist of the Water and Sewer Funds. Such funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of Borough management is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and where management has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds are used to account for assets held by the Borough in a trustee capacity. The pension trust funds account for the assets of the government's police and municipal (non-uniform) employees.

C. Measurement Focus and Basis of Accounting

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

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The Borough of Ambler considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Budgets are prepared on the same basis of accounting as the financial statements. Each fall, the Borough Council adopts an annual budget for the following year for the General, Proprietary and certain Special Revenue Funds as set forth in the Borough code. Legal budgetary control is at the fund level. The accompanying statement of revenues, expenditures and changes in fund balance budget and actual – general fund is included in required supplementary information. Other funds formally budgeted are presented in other supplementary information.

Interfund transfers not approved in the budget must be approved by Council motion in accordance with the Borough code.

Budgeted amounts are reported as originally adopted. Unexpended budget amounts lapse at the end of the year. The Council may take specific action to reserve or designate fund equity.

E. Assets, Liabilities, And Net Position Or Equity

1. Cash and Cash Equivalents

Bank accounts, certificates of deposits and investment in the Pennsylvania Local Government Investment Trust are all highly liquid investments and are considered to be cash and cash equivalents as presented on the combined balance sheet and the combined statement of cash flows.

2. Receivables and Payables

During the course of operations numerous transactions occur between funds for goods or services, which require reimbursement. Such short-term balances payable upon demand are referred to as interfund receivables and payables on the balance sheet.

Taxes receivable reflect amounts receivable for earned income taxes collected by the tax collector in December of the current year and remitted to the Borough after year end.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, And Net Position Or Equity (Continued)

3. *Inventories*

The Borough does not maintain accounting records relating to the minor cost of materials and supplies inventories, other than those in the Water Fund. Accordingly, such items are not included in the financial statements. Water Fund inventories are recorded at the lower of cost, on a first-in/first-out basis, or market. The Water Fund inventory includes small parts used for repairs and maintenance.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25-75
Building Improvements	20-30
Public Domain Infrastructure	25-75
Furniture, Equipment and Vehicles	3-15

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough has no items that qualify for reporting in this category.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, And Net Position Or Equity (Continued)

5. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has no items that qualify for reporting in this category.

6. *Long-Term Obligation*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The Borough applies restricted resources when an expense is incurred for purposes for which both restricted net position are available.

8. *Fund Balance*

The Borough follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable – Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Position or Equity (Continued)

8. Fund Balance (Continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Borough Council. The Council is the highest decision making authority of the Borough. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Borough Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – Residual net resources.

The Borough does not have any assigned resources as of December 31, 2013.

F. Revenues, Expenditures and Expenses

Tax revenues - General Fund property taxes and earned income taxes collected within sixty days subsequent to December 31 are recognized as revenue, if material and they apply to the prior year.

Real estate property tax - Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after June 30. The Borough elects a tax collector to collect the property tax levied. The tax collector remits Borough taxes at least monthly and is paid a salary.

Transfers and dividends - Operating transfers between governmental and nongovernmental fund types are reported as other financing sources (uses) within those funds.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of municipal 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.

The deposit and investment policy of the Borough adheres to state statutes and prudent business practice. Deposits of the Borough are either maintained in demand deposits, highly liquid money market funds or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as "cash and cash equivalents" 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. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of December 31, 2013, \$2,936,466 of the Borough's cash balance per the financial statements of \$3,045,473 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$	-
Collateralized		-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the Government's Name		2,936,466
Total	<u>\$</u>	<u>2,936,466</u>

Reconciliation to the Financial Statements

Uninsured Amount Above	\$	2,936,466
Plus: Insured Amount		250,000
Less: Outstanding Checks		(247,311)
Plus: Deposits in Transit		122,560
Less: Other Reconciling Items		<u>(17,787)</u>
Carrying Amount - Bank Balances		3,043,928
Plus: Petty Cash		1,545
Total Cash Per Financial Statements	<u>\$</u>	<u>3,045,473</u>

The Borough's cash balance includes \$527,295 of restricted escrow deposits. These monies are held by the Borough in a custodial capacity for developers.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 ACCOUNTS RECEIVABLE

Following is a summary of receivables at December 31, 2013

	Governmental Funds			Proprietary Funds		
	General Fund	Other Governmental Funds	Total	Water Fund	Sewer Fund	Total
Refuse Fees	\$ 57,717	\$ -	\$ 57,717	\$ -	\$ -	\$ -
Utility User Fees	-	-	-	225,384	41,453	266,837
Mortgage Receivable	-	310,000	310,000	-	-	-
Less: Allowance for Doubtful Accounts	(2,000)	-	(2,000)	(6,781)	(5,000)	(11,781)
Total	55,717	310,000	365,717	218,603	36,453	255,056
Other Billings and Receivables	4,904	3,532	8,436	-	-	-
Net Accounts Receivable	<u>\$ 60,621</u>	<u>\$ 313,532</u>	<u>\$ 374,153</u>	<u>\$ 218,603</u>	<u>\$ 36,453</u>	<u>\$ 255,056</u>

NOTE 4 PROPERTY AND EQUIPMENT

Governmental Activities capital assets consist of the following at December 31, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,284,846	\$ -	\$ -	\$ 1,284,846
Total Capital Assets, Not Being Depreciated	1,284,846	-	-	1,284,846
Capital Assets, Depreciated:				
Buildings and Other Improvements	1,628,362	1,890,000	-	3,518,362
Site Improvements	207,258	-	-	207,258
Machinery, Vehicles, Furniture, and Equipment	841,582	-	-	841,582
Infrastructure	1,644,187	-	-	1,644,187
Total Capital Assets, Being Depreciated	4,321,389	1,890,000	-	6,211,389
Accumulated Depreciation for:				
Buildings and Other Improvements	715,094	36,055	-	751,149
Site Improvements	58,255	12,140	-	70,395
Machinery, Vehicles, Furniture, and Equipment	591,557	50,161	-	641,718
Infrastructure	249,240	71,309	-	320,549
Total Accumulated Depreciation	1,614,146	169,665	-	1,783,811
Total Capital Assets, Being Depreciated, Net	2,707,243	1,720,335	-	4,427,578
Governmental Activities Capital Assets, Net	<u>\$ 3,992,089</u>	<u>\$ 1,720,335</u>	<u>\$ -</u>	<u>\$ 5,712,424</u>

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

Business-Type Activities capital assets consist of the following at December 31, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,328	\$ -	\$ -	\$ 2,328
Construction In Progress	10,159	-	-	10,159
Total Capital Assets, Not Being Depreciated	12,487	-	-	12,487
Capital Assets, Being Depreciated:				
Buildings and Other Improvements	815,869	-	-	815,869
Machinery, Vehicles, Furniture, and Equipment	1,150,052	17,000	-	1,167,052
Plant in Service	12,214,593	63,968	-	12,278,561
Total Capital Assets, Being Depreciated	14,180,514	80,968	-	14,261,482
Accumulated Depreciation for:				
Buildings and Other Improvements	396,031	22,519	-	418,550
Machinery, Vehicles, Furniture, and Equipment	993,236	27,862	-	1,021,098
Plant in Service	4,666,187	285,543	-	4,951,730
Total Accumulated Depreciation	6,055,454	335,924	-	6,391,378
Total Capital Assets, Being Depreciated, Net	8,125,060	(254,956)	-	7,870,104
Business-Type Capital Assets, Net	\$ 8,137,547	\$ (254,956)	\$ -	\$ 7,882,591

Depreciation expense charged to governmental functions and business-type functions amounted to \$169,665 and \$335,924, respectively, in 2013.

NOTE 5 CAPITAL LEASE OBLIGATIONS

In 2011, the General Fund acquired a backhoe under the provisions of a long term lease. For financial reporting purposes, minimum lease payments relating to the backhoe has been capitalized. The lease expires December 31, 2016.

The backhoe cost and depreciation under the capital lease is as follows:

Cost	\$ 70,997
Accumulated Depreciation	<u>(28,398)</u>
Total	<u>\$ 42,599</u>

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 CAPITAL LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments under the capital leases and the net present value of future minimum capital lease payments at December 31, 2013 are as follows:

<u>Year Ending December 31,</u>		
2014	\$	15,181
2015		15,181
2016		<u>15,362</u>
Total Minimum Lease Payments		45,724
Less: Amount Representing Interest		<u>(2,994)</u>
Present Value of Minimum Lease Payments	\$	<u><u>42,730</u></u>

NOTE 6 LONG-TERM DEBT

On October 15, 2009, the Borough issued \$3,455,000 of General Obligation Bonds, Series of 2009, as fully registered bonds in the denominations of \$5,000 each. The proceeds of the bonds were to be used for, (1) the current refunding of the Borough's General Obligation Bonds, Series of 2003; (2) certain capital improvements to the water system serving the Borough and surrounding municipalities; (3) the payment of the costs and expenses incurred in connection with the issuance of the Bonds.

The 2009 General Obligation Bonds are direct obligations of the Borough and pledge the full faith, credit and taxing power of the Borough. The 2009 General Obligation Bonds are payable from, and secured by, the general revenues of the Borough, which include the revenues derived from unlimited ad valorem taxes, which may be levied on all taxable real estate within the Borough.

Interest is payable semiannually on March 1 and September 1, commencing March 1, 2010. Interest rates on remaining debt range from 0.75% to 4.00%.

Bond discounts amounting to \$31,585 in the Water Fund are amortized over the sixteen year life of the 2009 issue and are recorded as interest expense. The unamortized discounts are netted against the bonds payable.

On December 20, 2013, the Borough issued a \$1,890,000 General Obligation Term Note. The proceeds of the note are to be used for the purchase of a building. In addition, a \$1,700,000 General Obligation Line of Credit Loan Note was issued for the renovations of the building. As of December 31, 2013, the Borough had not made any draw downs on the line of credit

The General Obligation Term Note is a direct obligation of the Borough. The Note is payable from, and secured by the business privilege tax.

Interest is payable monthly commencing January 1, 2014. The interest rate on remaining debt is 4.15%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Interest expenses on general obligation bonds and note amounted to \$0 and \$94,996 for the general fund and water fund, respectively, for the year ended December 31, 2013.

The following is a schedule of aggregate principal and interest payments for each of the next five years and each five-year period thereafter for the 2009 General Obligation Bonds:

Year Ending December 31,	Principal	Interest	Total
2014	\$ 190,000	\$ 91,151	\$ 281,151
2015	190,000	86,924	276,924
2016	200,000	82,041	282,041
2017	205,000	76,444	281,444
2018	210,000	70,243	280,243
2019-2023	215,000	227,994	442,994
2024-2025	1,500,000	21,700	1,521,700
Total	<u>\$ 2,710,000</u>	<u>\$ 656,497</u>	<u>\$ 3,366,497</u>

The following is a schedule of aggregate principal and interest payments for each of the next five years and each five-year period thereafter for the 2013 General Obligation Note:

Year Ending December 31,	Principal	Interest	Total
2014	\$ 29,672	\$ 80,577	\$ 110,249
2015	33,681	76,568	110,249
2016	35,105	75,143	110,248
2017	36,590	73,658	110,248
2018	38,138	72,110	110,248
2019-2023	216,296	334,946	551,242
2024-2028	267,078	284,164	551,242
2029-2033	327,317	223,924	551,241
2034-2038	402,652	148,590	551,242
2039-2043	495,324	55,916	551,240
2044-2048	8,147	32	8,179
Total	<u>\$ 1,890,000</u>	<u>\$ 1,425,628</u>	<u>\$ 3,315,628</u>

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Series 2013 GO Note	\$ -	\$ 1,890,000	\$ -	\$ 1,890,000	\$ 29,672
Capital Leases	55,817	-	(13,087)	42,730	13,703
Governmental Activity Long-Term Debt	<u>\$ 55,817</u>	<u>\$ 1,890,000</u>	<u>\$ (13,087)</u>	<u>\$ 1,932,730</u>	<u>\$ 43,375</u>
Business-Type Activities:					
Bonds Payable:					
Series 2009 GO Bonds	\$ 2,895,000	\$ -	\$ (185,000)	\$ 2,710,000	\$ 190,000
Less Deferred Amounts:					
Bond Discounts	(39,823)	-	3,079	(36,744)	-
Business-Type Activity Long-Term Debt	<u>\$ 2,855,177</u>	<u>\$ -</u>	<u>\$ (181,921)</u>	<u>\$ 2,673,256</u>	<u>\$ 190,000</u>

NOTE 7 JOINT VENTURE

The Borough is one of five participating municipalities in the Ambler Waste Water Treatment Plant, which provides sewage treatment services to its members. The Borough of Ambler is the plant administrator.

The cost of operating and maintaining the Treatment Plant including the costs of administrative expenses and record keeping are shared by each municipality in proportion to the resident population equivalents of the units connected to the representative collection system. The annual operating fee varies each year based on the budget and usage. The Borough's operating fee paid to the Treatment Plant by the Sewer Fund amounted to \$443,761 in 2013.

The participant's share of capital improvements and additions are based on each municipality's purchased capacity as per a 1959 agreement and its subsequent amendments. The current rates in effect were fixed as of 1978. The Borough's capital contribution paid by the Sewer Fund to the Treatment Plant amounted to \$359,010 in 2013.

The Treatment Plant reimburses the Borough of Ambler for administrative costs related to plant operations. An administrative fee of \$189,203 was recognized as revenue for the year ended December 31, 2013.

The financial interest of each participating municipality in the reserves of the Treatment Plant has not been calculated and, therefore, not accounted for as an investment in the Treatment Plant's assets on the Borough's financial statements. Separate financial statements for the Treatment Plant are prepared and available.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 INTERFUND PAYABLES AND RECEIVABLE

The composition of interfund balances for the entity-wide financial statements, as of December 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 1,135,752
General	Sewer	122,124
Total Due From Other Funds		<u>\$ 1,257,876</u>

NOTE 9 EARNED INCOME TAX

Earned income tax was levied at a rate of one percent of gross wages for all individuals living or working in the Borough of Ambler in 2013. The Borough is entitled to 50% of the tax collected. The Wissahickon School District is entitled to 50% of the tax receipts. Earned income tax revenue recognized by the Borough for the year ended December 31, 2013 amounted to \$1,007,959.

NOTE 10 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Accordingly, the Borough has entered into a participation agreement with certain surrounding municipalities in Montgomery and Bucks Counties, Pennsylvania to form the Delaware Valley Insurance Trust (Trust). The Trust has created a self insurance pool to offer coverage to eligible municipalities. The Borough is participating in the Trust insurance coverage.

For the pool coverage there is a total risk and cost sharing for all participants. Liabilities in excess of assets of the Trust may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year in the Borough's insurance policies.

NOTE 11 COMMITMENTS

In December 2010, the Borough entered into a contract for trash, dumpster, and yard waste services, respectively, over a three-year period. The contract was extended until September 30, 2015.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 12 CONTINGENT LIABILITIES

The Borough is also involved in certain legal matters through the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters. Management believes that any liability that may result from the resolution of these matters will not have a material adverse affect on the accompanying financial statements and, accordingly, no provision has been recorded.

NOTE 13 PENSION PLANS

The most recent biannual actuarial valuations were prepared as of January 1, 2013.

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN

A. Plan Description:

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council. Covered employees are full-time salaried employees, except for members of the police force. The normal retirement benefit is the greater of 25 percent of average monthly earnings reduced for service less than 15 years at age 65 or 40 percent of average monthly earnings reduced for service less than 25 years at age 65. Average monthly earnings are based on the three calendar years prior to termination of employment. A member is eligible for normal retirement on the last day of the month in which the member's 65th birthday occurs. There are no terminated employees vested but not receiving benefits. There are twenty-seven active employees currently covered. There are seven persons receiving benefits.

Early retirement is provided for upon the attainment of age 55 and at least 25 years of service. Ten years of service are required for vesting. If a member dies before the 60 monthly payments have been received, the remainder of the 60 months will automatically continue to the member's beneficiary. The funds are invested primarily in stocks and mutual funds.

B. Summary of Significant Accounting Policies:

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies (Continued):

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Investments are reported at fair value. Quoted market prices are used to value investments. Share of mutual funds are valued at the net asset value of shares held by the Plan at year end. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The Plan pays the administrative expenses of the Plan.

Risks and Uncertainties

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

C. Funding Policy and Contributions

The plan is funded by member contributions, funds paid by the Commonwealth of Pennsylvania and by borough contributions, if required.

Employees are required to contribute 3% of compensation to the plan. Employee contributions amounted to \$54,313 for the year ended December 31, 2013.

The Borough's annual pension cost (APC) and percentage of APC contributed for the current year and each of the two preceding years were as follows:

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 78,602	100%
2012	83,830	100%
2013	83,830	100%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2013, the Borough's pension cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

E. Investments

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

	Fair Market Value
Stocks	\$ 2,471,340
Sanford C. Bernstein & Co., LLC	545,868
Bernstein Sanford C FD II Inc.	1,616,854
 Total Investments	 \$ 4,634,062

As of December 31, 2013, none of the Borough's pension plan investments are rated.

F. Investment Concentration

Total plan net position as of December 31, 2013 amounted to \$4,718,279. Five percent of total plan assets amounted to \$231,703 as of December 31, 2013. The following funds represent 5% or more of the total net plan assets at December 31:

Investments	Amount	Percent of Total
Sanford C. Bernstein & Co., LLC	\$ 545,868	11.6%
Bernstein Sanford C FD II Inc.	1,616,854	34.3%

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Actuarial Assumptions

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

Valuation date	January 1, 2013
Actuarial cost method	Normal entry age actuarial cost method (a)
Asset valuation method	Adjusted market basis (85% of reported market value)
Actuarial assumptions	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually

- (a) Under the normal entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit age.
- (b) There are no significant factors that would distort the evaluation of trends for amounts presented in the two required supplementary schedules.

H. Funded Status and Funding Progress

The following is funded status information as of January 1, 2013, the most recent actuarial valuation date:

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2013	\$ 3,859,620	\$ 3,475,928	111.04%	\$ 383,692	\$ 1,736,679	22.09%

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

**BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN

A. Plan Description

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council.

The plan's normal retirement is age 50 with 25 years of service. Twelve years of service is required for vesting. The normal retirement benefit is life income consisting of one-half of the member's average salary for the last 36 months plus \$100 per month for each year of service in excess of 25 years up to a maximum of 30 years of service, or \$500 per annum including any social security from police service and any pension from a previous fund. Retirement is mandatory at age 70. The plan allows members to retire with a reduced benefit after 20 years of service. The amount of early retirement pension is the actuarial equivalent of the normal retirement benefit reduced by service at retirement over expected service at normal retirement.

If an officer is killed in the line of duty, then 100% of the salary is payable to the surviving spouse or children, if no spouse.

A survivor benefit option of 50% of the member's pension is provided to the survivor spouse or children under 18.

The plan also provides a disability benefit. Upon total and permanent disability, a member will receive 75 percent of the monthly salary rate effective at the time of applying for disability benefits, offset by benefits under workers compensation, until normal retirement, at which time he received his retirement benefit.

After each anniversary of retirement, the retirement benefit is adjusted annually to reflect the cost of living change in the preceding calendar year, based upon the increase in the Consumer Price Index of the U.S. Department of Labor for the Philadelphia area.

Covered employees are full-time police officers.

Number of covered active employees	13
Number of persons receiving benefits	7
Terminated employees vested, but not receiving benefits	1

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies:

Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Investments, which consist primarily of common stock and mutual funds, are reported at market value. Quoted market prices are used to value investments. Share of mutual funds are valued at the net asset value of shares held by the Plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The Plan pays the administrative expenses.

Risks and Uncertainties

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of Plan net position.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Funding Policy and Contributions

The Plan is funded from contributions by all full time police officers, funds paid by the Commonwealth of Pennsylvania and by Borough contributions, if required.

Members were required to contribute at least five percent of compensation to the Plan, but not more than 8%. Effective September 20, 2000 for any year in which it is determined by an actuarial valuation report prepared in accordance with the Municipal Plan Funding Standard and Recovery Act (Act 205) that the Plan has a balance that is twenty-five percent (25%) in excess of the minimum amount needed to declare it actuarially sound, then the Borough Council could, on an annual basis by ordinance or resolution, reduce or eliminate payments into the pension fund by Plan members. When required by the actuary in accordance with any such report, funding must resume as necessary to keep the balance at or over 25% in excess of the minimum needed for actuarial soundness, but member contributions will in such event remain within the parameters set forth above.

There were no employee contributions for the year ended December 31, 2013.

The Borough's annual pension cost (APC) and percentage of APC contributed for the current year and each of the two preceding years were as follows:

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ -	N/A
2012	-	N/A
2013	-	N/A

No contributions were made by the Borough for 2013.

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2013, the Borough's pension cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Investments

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

	Fair Market Value
Stocks	\$ 4,509,140
Sanford C. Bernstein & Co., LLC	1,134,943
Bernstein Sanford C FD II Inc.	3,128,135
 Total Investments	 \$ 8,772,218

As of December 31, 2013, none of the Borough's pension plan investments are rated.

F. Investment Concentration

Total plan net position as of December 31, 2013 amounted to \$8,915,877. Five percent of total plan assets amounted to \$445,794.

The following fund represents 5% or more of the total plan assets at December 31:

Investments	Amount	Percent of Total
Sanford C. Bernstein & Co., LLC	\$ 1,134,943	12.7%
Bernstein Sanford C FD II Inc.	3,128,135	35.1%

G. Actuarial Assumptions

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

Valuation date	January 1, 2013
Actuarial cost method	Normal entry age actuarial cost method (a)
Asset valuation method	Adjusted market basis (85% of reported market value)
Actuarial assumptions	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually

(a) Under the normal entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit age.

(b) There are no significant factors that would distort the evaluation of trends for amounts presented in the two required supplementary schedules.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

H. Funded Status and Funding Progress

The following is funded status information as of January 1, 2013, the most recent actuarial valuation date:

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2013	\$ 7,669,350	\$ 6,235,948	122.99%	\$ 1,433,402	\$ 1,238,121	115.77%

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

NOTE 14 POSTEMPLOYMENT BENEFITS

The Borough follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for postemployment health care benefits provided by the Borough. The accrued liability for benefits of \$3,557,072 at January 1, 2012, amortized over thirty years as a level percent of pay based on the inflation portion of the salary scale only.

Plan Description

The Township provides post employment healthcare benefits, in accordance with Borough policies and collective bargaining agreements, for Police and Non-Uniform employees. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

For police, the Borough will provide medical coverage to retired officers and their spouses at age fifty and ending at sixty-five years of age for all full time police officers employed by the Borough as of December 31, 2008. For retired officers hired on or after January 1, 2009, the Borough shall provide only single coverage from age fifty to sixty-five years of age. Subsequent to January 1, 2009, if an officer remarries after divorce or the spouse's death, the new spouse shall not be provided with post retirement medical benefits.

All full-time non-uniformed employees, who retire under the terms of the Non-Uniform Pension Plan, may continue in the Borough's group health plan on a single basis at no cost to the Borough. These employees may continue this coverage until their sixty-fifth birthday.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 14 POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The Borough has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2013 year, there were 2 retired participants. The Borough's cost, including implicit rate subsidy of \$16,708 has been applied toward the annual OPEB cost.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2013 was as follows:

<u>Years Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	412,972	9.70%	1,140,435
2012	411,969	6.66%	1,524,953
2013	381,878	4.38%	1,906,831

The following table shows the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

Normal Cost (Service cost for one year)	\$ 443,113
Change in Plan Assumptions	-
Annual Required Contribution (ARC)	<u>443,113</u>
Interest on net OPEB Obligation	60,998
Adjustment to Annual Required Contribution	<u>(105,525)</u>
Annual OPEB Cost (Expense)	398,586
Contributions toward the OPEB Cost	<u>(16,708)</u>
Increase in Net OPEB Obligation	381,878
Net OPEB Obligation, Beginning of Year	<u>1,524,953</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 1,906,831</u></u>

The allocation of the OPEB liability as of December 31, 2013 was as follows:

Governmental Activities	\$ 1,834,303
Business-Type Activities	
Water Fund	36,264
Sewer Fund	6,596
Ambler Waste Water Treatment Plant	<u>29,668</u>
Net OPEB Obligation	<u><u>\$ 1,906,831</u></u>

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 14 POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$3,557,072, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$3,557,072. The covered payroll (annual payroll of active participating employees) was \$3,045,447, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 117 percent.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Borough's OPEB actuarial valuation as of January 1, 2012, used the entry age normal actuarial cost method to estimate both the unfunded liability as of December 31, 2012 and to estimate the Borough's annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost.

Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 8% initially for the 2012 year, reduced by 1% per year to an ultimate rate of 5%. The unfunded actuarial liability is being amortized over 30 years as a level percent of pay based on the inflation portion of the salary scale only. The remaining amortization period at December 31, 2012 is 30 years.

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

NOTE 15 PRIOR PERIOD ADJUSTMENTS

For the year ending December 31, 2013, the Borough adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board: GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 (GASB 61); GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65); and GASB Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62 (GASB 66). The adoption of GASB 61 and GASB 66 had no impact on the Borough’s financial statements.

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of this standard requires the retroactive restatement of the financial statements. On the December 31, 2012 Statement of Net Position – Proprietary Fund, the Borough presented unamortized bond issuance costs of \$101,443. GASB 65 requires the debt issuance costs to be recognized as an expense in the period incurred.

In addition, during 2013, it was noted that the Other Post Employment Benefits (OPEB) liability was improperly allocated among various funds. The Borough has recorded a prior period adjustment to correct this error.

As a result, the net position balances as of January 1, 2013 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position, Beginning of Year, as Previously Reported	\$ 5,799,316	\$ 4,712,024	\$ 4,793,074	\$ (81,050)
Cumulative Effect of Adoption of New Accounting Standard, GASB 65	-	(101,444)	(101,444)	-
Prior Period Adjustment to Adjust the OPEB Allocation	<u>(574,836)</u>	<u>598,565</u>	<u>327,925</u>	<u>270,640</u>
Net Position, Beginning of Year, as Restated	<u>\$ 5,224,480</u>	<u>\$ 5,209,145</u>	<u>\$ 5,019,555</u>	<u>\$ 189,590</u>

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

**BOROUGH OF AMBLER
MUNICIPAL (NON-UNIFORMED) EMPLOYEES DEFINED PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2009	\$ 2,922,576	\$ 2,969,139	98.43%	\$ (46,563)	\$ 1,591,178	-2.93%
January 1, 2011	3,433,236	3,448,839	99.55%	(15,603)	1,771,631	-0.88%
January 1, 2013	3,859,620	3,475,928	111.04%	383,692	1,736,679	22.09%

NOTE: Actuarial reports are prepared biennially.

**BOROUGH OF AMBLER
MUNICIPAL (NON-UNIFORMED) EMPLOYEES DEFINED PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 32,825	100%
2010	-	N/A
2011	78,602	100%
2012	83,830	100%
2013	83,830	100%

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013**

**BOROUGH OF AMBLER
MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS**

Date of Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio %	Actuarial Surplus/(Deficit)	Annual Covered Payroll	Actuarial Surplus/Deficit as a Percent of Payroll
January 1, 2009	6,743,684	5,175,738	130.29%	1,567,946	1,051,854	149.06%
January 1, 2011	7,458,394	5,416,764	137.69%	2,041,630	1,195,169	170.82%
January 1, 2013	7,669,350	6,235,948	122.99%	1,433,402	1,238,121	115.77%

NOTE: Actuarial reports are prepared biennially.

**BOROUGH OF AMBLER
MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ending December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ -	N/A
2010	-	N/A
2011	-	N/A
2012	-	N/A
2013	-	N/A

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUE RECEIPTS				
Taxes from Current Levy				
Real Estate	\$ 1,563,602	\$ 1,563,602	\$ 1,504,164	\$ (59,438)
Earned Income Tax	663,000	663,000	1,007,959	344,959
Emergency Municipal Service Tax	85,000	85,000	123,175	38,175
Total	<u>2,311,602</u>	<u>2,311,602</u>	<u>2,635,298</u>	<u>323,696</u>
Delinquent and Overdue Taxes	20,000	20,000	42,445	22,445
Licenses and Permits				
Beverage	1,700	1,700	1,600	(100)
Building	39,500	39,500	85,751	46,251
Street Pole	2,000	2,000	2,600	600
Apartment Permits	51,000	51,000	43,280	(7,720)
Cable Television Franchise	120,000	120,000	128,505	8,505
Other	18,700	18,700	17,832	(868)
Total Licenses and Permits	<u>232,900</u>	<u>232,900</u>	<u>279,568</u>	<u>46,668</u>
Fines, Forfeits and Costs				
Motor Vehicle Code Violations	40,000	40,000	50,635	10,635
Violations and Ordinances	15,000	15,000	7,676	(7,324)
Interest on Investments	18,000	18,000	29,276	11,276
TEA Grants	520,000	520,000	-	(520,000)
Other Grants	-	-	1,297	1,297
Deed Transfer Tax	90,000	90,000	112,242	22,242
Refuse Collection	643,500	643,500	640,268	(3,232)
Public Utility Realty Tax	-	-	3,521	3,521
Total	<u>1,326,500</u>	<u>1,326,500</u>	<u>844,915</u>	<u>(481,585)</u>
Total Revenue Receipts	3,891,002	3,891,002	3,802,226	(88,776)

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE RECEIPTS				
Other Receipts				
Parking Meters, Lot Rental	\$ 91,000	\$ 91,000	\$ 90,942	\$ (58)
Water Line Protection	25,415	25,415	23,391	(2,024)
Miscellaneous, Other	22,100	22,100	25,428	3,328
Refunds, Crossing Guards	37,000	37,000	36,156	(844)
Waste Water Reimbursement	55,000	55,000	63,068	8,068
Total Other Receipts	<u>230,515</u>	<u>230,515</u>	<u>238,985</u>	<u>8,470</u>
 Total Revenues	 4,121,517	 4,121,517	 4,041,211	 (80,306)
GOVERNMENTAL EXPENDITURES				
General Government Administration				
Wages	106,433	106,433	123,469	(17,036)
Auditing, Accounting and Consulting	14,000	14,000	9,571	4,429
Solicitor's Fees	19,000	19,000	20,752	(1,752)
Engineer's Fees	15,000	15,000	15,594	(594)
Postage, Printing and Advertising	4,200	4,200	3,280	920
Office Supplies and Equipment Rental	3,700	3,700	4,773	(1,073)
Other	13,000	13,000	(8,671)	21,671
Newsletter Expense	2,400	2,400	2,647	(247)
Association Dues and Convention Expense	1,900	1,900	2,797	(897)
Computer Expense	12,000	12,000	11,862	138
Total General Government Administration	<u>191,633</u>	<u>191,633</u>	<u>186,074</u>	<u>5,559</u>
 Tax Collection				
Salary of Tax Collector	7,280	7,280	7,280	-
Other Expense	3,700	3,700	3,773	(73)
Total Tax Collection	<u>10,980</u>	<u>10,980</u>	<u>11,053</u>	<u>(73)</u>
 Borough Office				
Repairs to Borough Building and Offices	16,800	16,800	(754)	17,554
Fuel, Utilities	14,500	14,500	12,718	1,782
Total Borough Office	<u>31,300</u>	<u>31,300</u>	<u>11,964</u>	<u>19,336</u>

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
GOVERNMENTAL EXPENDITURES				
Protection to Persons and Property				
Police Protection				
Salaries	\$ 1,356,244	\$ 1,356,244	\$ 1,323,774	\$ 32,470
Benefits, Taxes	334,600	334,600	326,671	7,929
Office Supplies	3,000	3,000	2,963	37
Advertising and Printing	1,000	1,000	997	3
Uniforms	7,500	7,500	6,603	897
Car Maintenance and Repair	26,400	26,400	24,625	1,775
Gas and Oil	36,000	36,000	35,415	585
Communications	9,800	9,800	10,503	(703)
Minor Equipment	5,000	5,000	5,393	(393)
Materials and Supplies	3,000	3,000	3,292	(292)
Other, Conventions and Seminars	3,500	3,500	4,350	(850)
Other	3,800	3,800	3,350	450
Insurance	40,000	40,000	20,382	19,618
Workmen's Compensation	48,170	48,170	36,357	11,813
Legal	14,000	14,000	14,000	-
Computer Expense	5,000	5,000	6,570	(1,570)
Total Police Protection	1,897,014	1,897,014	1,825,245	71,769
Fire Protection				
Salaries	12,500	12,500	10,923	1,577
Total Fire Protection	12,500	12,500	10,923	1,577
Planning Commission				
Zoning, Building and Plumbing				
Inspection Services	81,000	81,000	80,207	793
General Expense	610	610	2,839	(2,229)
Montgomery County Planning Commission	11,000	11,000	10,890	110
Legal Services	12,500	12,500	21,818	(9,318)
Shade Tree Expense	1,000	1,000	-	1,000
Total Planning Commission	106,110	106,110	115,754	(9,644)

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
GOVERNMENTAL EXPENDITURES				
Health and Sanitation				
Board of Health				
Salaries and Wages	\$ 29,000	\$ 29,000	\$ 30,399	\$ (1,399)
General Expense	300	300	-	300
Garbage and Trash Collection	402,000	402,000	458,060	(56,060)
Total Health and Sanitation	<u>431,300</u>	<u>431,300</u>	<u>488,459</u>	<u>(57,159)</u>
Highways				
Streets and Bridges				
Street Signs and Markings	41,000	41,000	47,850	(6,850)
Snow Removal	18,500	18,500	27,825	(9,325)
Cleaning Streets and Gutters	37,500	37,500	34,992	2,508
Storm Water Drains and Roads	12,500	12,500	13,434	(934)
Parking Lot Paving	200,000	200,000	-	200,000
Road and Highway Maintenance	287,700	287,700	305,408	(17,708)
Capital Outlay	-	-	3,595	(3,595)
CDBG Grants	-	-	928	(928)
Total Highway	<u>597,200</u>	<u>597,200</u>	<u>434,032</u>	<u>163,168</u>
Total Governmental Expenditures	3,278,037	3,278,037	3,083,504	194,533
MISCELLANEOUS EXPENDITURES				
Insurance	15,500	15,500	6,957	8,543
Payroll Taxes and Benefits	63,958	46,892	65,998	(19,106)
Civic Contributions	19,900	19,900	23,316	(3,416)
Debt Contribution	10,000	10,000	-	10,000
Social Security	60,000	60,000	71,986	(11,986)
Main Street Manager Expense	700	700	124	576
Contracted Services	22,000	22,000	13,350	8,650
Revitalization and Redevelopment	-	-	35,673	(35,673)
Total Miscellaneous Expenditures	<u>192,058</u>	<u>174,992</u>	<u>217,404</u>	<u>(42,412)</u>

**BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total Expenditures	3,470,095	3,453,029	3,300,908	152,121
Net Change in Fund Balance	<u>\$ 651,422</u>	<u>\$ 668,488</u>	740,303	<u>\$ 71,815</u>
Fund Balance - Beginning of Year (Budgetary Basis)			<u>1,138,673</u>	
Fund Balance - End of Year (Budgetary Basis)			1,878,976	
Non-GAAP Budgetary Basis Reconciliation				
Other Unbudgeted General Funds Ending Fund Balance:				
Proceeds from General Obligation Note			1,890,000	
Capital Outlay			(1,890,000)	
Transfers In			370,623	
Transfers Out			<u>(443,570)</u>	
Fund Balance - General Fund - End of Year (GAAP Basis)			<u>\$ 1,806,029</u>	

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
HIGHWAY FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
State Motor Vehicle Fuel Tax	\$ 116,800	\$ 116,800	\$ 113,655	\$ (3,145)
Interest on Investments	7,676	7,676	12,421	4,745
Total Revenues	<u>124,476</u>	<u>124,476</u>	<u>126,076</u>	<u>1,600</u>
EXPENDITURES				
Street Cleaning	4,000	4,000	1,570	2,430
Snow Removal	16,000	16,000	12,800	3,200
Capital Outlay	150,500	150,500	1,175	149,325
Engineering	5,000	5,000	10,752	(5,752)
Miscellaneous	5,100	5,100	-	5,100
Total Expenditures	<u>180,600</u>	<u>180,600</u>	<u>26,297</u>	<u>154,303</u>
OTHER FINANCING SOURCES				
Reimbursements from General Fund	-	-	361,827	
NET CHANGES IN FUND BALANCE	<u>\$ (56,124)</u>	<u>\$ (56,124)</u>	461,606	<u>\$ (152,703)</u>
Fund Balance - Beginning of Year			<u>486,972</u>	
FUND BALANCE - END OF YEAR			<u>\$ 948,578</u>	

BOROUGH OF AMBLER
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013
 (SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Special Revenue Funds					Total
	Street Lighting Fund	Fire Fund	Recreation Fund	Health and Accident Fund	Revolving Loan Fund	
Cash and Cash Equivalents	\$ 20,818	\$ 11,975	\$ 19,149	\$ 8	\$ 20,594	\$ 72,544
Taxes Receivable	-	238	-	-	-	238
Accounts Receivable	238	-	186	-	310,000	310,424
Due from Other Funds	155,770	-	72,305	-	-	228,075
Prepaid Expenses	729	-	-	-	-	729
Total Assets	\$ 177,555	\$ 12,213	\$ 91,640	\$ 8	\$ 330,594	\$ 612,010

ASSETS

LIABILITIES AND FUND BALANCE

LIABILITIES						
Due to Other Funds	\$ -	\$ 12,204	\$ -	\$ -	\$ -	\$ 12,204
Total Liabilities	-	12,204	-	-	-	12,204
FUND BALANCES (DEFICIT)						
Restricted	177,555	-	91,640	-	-	269,195
Committed	-	-	-	-	-	-
Unassigned	-	9	-	8	330,594	330,611
Total Fund Balances (Deficit)	177,555	9	91,640	8	330,594	599,806
Total Liabilities and Fund Balances	\$ 177,555	\$ 12,213	\$ 91,640	\$ 8	\$ 330,594	\$ 612,010

BOROUGH OF AMBLER
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Capital Project Funds			Total	Debt Service	Total Non-Major Funds
	Rail Corridor Fund	Road Overlay Fund				
ASSETS						
Cash and Cash Equivalents	\$ 5	\$ 20,173	\$ 20,178	\$ 67,733	\$ 160,455	
Taxes Receivable	-	-	-	-	238	
Accounts Receivable	-	3,108	3,108	-	313,532	
Due from Other Funds	-	-	-	199,356	427,431	
Prepaid Expenses	-	-	-	-	729	
Total Assets	\$ 5	\$ 23,281	\$ 23,286	\$ 267,089	\$ 902,385	

LIABILITIES AND FUND BALANCE

LIABILITIES					
Due to Other Funds	\$ -	\$ 23,281	\$ 23,281	\$ -	\$ 35,485
Total Liabilities	-	23,281	23,281	-	35,485
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	267,089	536,284
Committed	5	-	5	-	5
Unassigned	-	-	-	-	330,611
Total Fund Balances (Deficit)	5	-	5	267,089	866,900
Total Liabilities and Fund Balances	\$ 5	\$ 23,281	\$ 23,286	\$ 267,089	\$ 902,385

BOROUGH OF AMBLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Special Revenue Funds					Total
	Street Lighting Fund	Fire Fund	Recreation Fund	Health and Accident Fund	Revolving Loan Fund	
REVENUES						
Taxes	\$ 88,335	\$ 88,008	\$ 88,343	\$ -	\$ -	\$ 264,686
Foreign Fire Relief	-	48,476	-	-	-	48,476
Interest on Investments	618	379	778	-	2,405	4,180
Miscellaneous	-	11,845	922	-	-	12,767
Total Revenues	<u>88,953</u>	<u>148,708</u>	<u>90,043</u>	<u>-</u>	<u>2,405</u>	<u>330,109</u>
EXPENDITURES						
Street Lighting	84,195	-	-	-	-	84,195
Fire	-	148,071	-	-	-	148,071
Recreation	-	-	106,406	-	-	106,406
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>84,195</u>	<u>148,071</u>	<u>106,406</u>	<u>-</u>	<u>-</u>	<u>338,672</u>
NET CHANGES IN FUND BALANCES	4,758	637	(16,363)	-	2,405	(8,563)
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	-	14,239	-	(299,757)	-	(285,518)
Total Other Financing Sources (Uses)	<u>-</u>	<u>14,239</u>	<u>-</u>	<u>(299,757)</u>	<u>-</u>	<u>(285,518)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,758	14,876	(16,363)	(299,757)	2,405	(294,081)
Fund Balances (Deficit) - Beginning of Year	<u>172,797</u>	<u>(14,867)</u>	<u>108,003</u>	<u>299,765</u>	<u>328,189</u>	<u>893,887</u>
FUND BALANCES - END OF YEAR	<u>\$ 177,555</u>	<u>\$ 9</u>	<u>\$ 91,640</u>	<u>\$ 8</u>	<u>\$ 330,594</u>	<u>\$ 599,806</u>

BOROUGH OF AMBLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Non-Major Capital Project Funds				Total
	Rail Corridor Fund	Road Overlay Fund	Total	Debt Service	Non-Major Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 60,853	\$ 325,539
Foreign Fire Relief	-	-	-	-	48,476
Interest on Investments	-	144	144	770	5,094
Miscellaneous	-	-	-	-	12,767
Total Revenues	-	144	144	61,623	391,876
EXPENDITURES					
Street Lighting	-	-	-	-	84,195
Fire	-	-	-	-	148,071
Recreation	-	-	-	-	106,406
Capital Outlay	-	26,937	26,937	-	26,937
Total Expenditures	-	26,937	26,937	-	365,609
NET CHANGES IN FUND BALANCES	-	(26,793)	(26,793)	61,623	26,267
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(70,866)	67,504	(3,362)	-	(288,880)
Total Other Financing Sources (Uses)	(70,866)	67,504	(3,362)	-	(288,880)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(70,866)	40,711	(30,155)	61,623	(262,613)
Fund Balances (Deficit) - Beginning of Year	70,871	(40,711)	30,160	205,466	1,129,513
FUND BALANCES - END OF YEAR	\$ 5	\$ -	\$ 5	\$ 267,089	\$ 866,900

**BOROUGH OF AMBLER
STREET LIGHTING FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,649	\$ 90,649	\$ 88,335	\$ (2,314)
Interest on Investments	850	850	618	(232)
Total Revenues	91,499	91,499	88,953	(2,546)
EXPENDITURES				
Electricity	65,000	65,000	75,213	(10,213)
Repairs and Maintenance	7,000	7,000	8,982	(1,982)
Miscellaneous	5,000	5,000	-	5,000
Total Expenditures	77,000	77,000	84,195	(7,195)
NET CHANGES IN FUND BALANCE	\$ 14,499	\$ 14,499	4,758	\$ (9,741)
Fund Balance - Beginning of Year			172,797	
FUND BALANCE - END OF YEAR			\$ 177,555	

**BOROUGH OF AMBLER
FIRE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,349	\$ 90,349	\$ 88,008	\$ (2,341)
Foreign Fire Relief	47,000	47,000	48,476	1,476
Lower Gwynedd Contribution	10,000	10,000	-	(10,000)
Interest on Investments	400	400	379	(21)
Miscellaneous	-	-	11,845	11,845
Total Revenues	147,749	147,749	148,708	959
EXPENDITURES				
Workers Compensation	13,763	13,763	10,388	3,375
Foreign Fire Tax	47,000	47,000	48,476	(1,476)
Fire Tax Borough	83,000	83,000	88,452	(5,452)
Insurance	1,500	1,500	755	745
Total Expenditures	145,263	145,263	148,071	(2,808)
EXCESS OF REVENUES OVER EXPENDITURES	2,486	2,486	637	3,767
OTHER FINANCING SOURCES				
Transfers In	5,000	5,000	14,239	9,239
NET CHANGES IN FUND BALANCE	\$ 7,486	\$ 7,486	14,876	\$ 11,157
Fund Balance (Deficit) - Beginning of Year			(14,867)	
FUND BALANCE - END OF YEAR			\$ 9	

**BOROUGH OF AMBLER
RECREATION FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,549	\$ 90,549	\$ 88,343	\$ (2,206)
Interest on Investments	700	700	778	78
Miscellaneous	-	-	922	922
Total Revenues	91,249	91,249	90,043	(1,206)
EXPENDITURES				
Community Activities				
YMCA Summer Program	7,000	7,000	7,000	-
Ambler Junior Baseball	1,000	1,000	1,000	-
Parks/Recreation				
Labor	23,000	23,000	31,724	(8,724)
Repairs, Maintenance, Improvements	11,200	11,200	29,540	(18,340)
Electricity	1,500	1,500	1,023	477
Contracted Service	10,000	10,000	7,573	2,427
Lawn Maintenance	16,000	16,000	16,146	(146)
Advertising	100	100	-	100
Training and Dues	500	500	-	500
Capital Outlay	20,000	20,000	8,078	11,922
Taxes	2,300	2,300	4,322	(2,022)
Total Expenditures	92,600	92,600	106,406	(13,806)
NET CHANGES IN FUND BALANCE	\$ (1,351)	\$ (1,351)	(16,363)	\$ (15,012)
Fund Balance - Beginning of Year			108,003	
FUND BALANCE - END OF YEAR			\$ 91,640	

**BOROUGH OF AMBLER
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 62,427	\$ 62,427	\$ 60,853	\$ (1,574)
Interest Income	330	330	770	440
Total Revenues	62,757	62,757	61,623	(1,134)
DEBT SERVICE EXPENSE				
Debt Expenses	62,757	62,757	-	62,757
Total Expenditures	62,757	62,757	-	62,757
NET CHANGES IN FUND BALANCE	\$ -	\$ -	61,623	\$ (1,134)
Fund Balance - Beginning of Year			205,486	
FUND BALANCE - END OF YEAR			\$ 267,109	

**BOROUGH OF AMBLER
HEALTH AND ACCIDENT FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

REVENUES	
Interest on Investments	\$ -
Total Revenues	<u>-</u>
OTHER FINANCING SOURCES	
Transfers In (Out)	<u>(299,757)</u>
NET CHANGES IN FUND BALANCE	(299,757)
Fund Balance - Beginning of Year	<u>299,765</u>
FUND BALANCE - END OF YEAR	<u>\$ 8</u>

**BOROUGH OF AMBLER
REVOLVING LOAN FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

REVENUES	
Interest on Investments	\$ 2,405
Total Revenues	<u>2,405</u>
NET CHANGES IN FUND BALANCE	2,405
Fund Balance - Beginning of Year	<u>328,189</u>
FUND BALANCE - END OF YEAR	<u>\$ 330,594</u>

BOROUGH OF AMBLER
WATER FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Metered Water Sales	\$ 1,893,500	\$ 1,893,500	\$ 1,822,243	\$ (71,257)
Other Sources				
Shared Costs	4,000	4,000	-	(4,000)
Water Tower Revenue	275,000	275,000	323,424	48,424
Water Line Protection	4,500	4,500	4,128	(372)
Miscellaneous	55,500	55,500	137,896	82,396
Total Operating Revenues	2,232,500	2,232,500	2,287,691	55,191
OPERATING EXPENSES				
Source of Supply Expense				
Operation Labor	15,000	15,000	19,327	(4,327)
Contracted Services and Repairs	50,000	50,000	21,938	28,062
Operation Supplies and Expense	5,000	5,000	9,438	(4,438)
Engineering	5,000	5,000	5,506	(506)
Communication and Alarms	3,800	3,800	4,160	(360)
Contracted Lawn Maintenance	18,000	18,000	17,590	410
Total Source of Supply Expense	96,800	96,800	77,959	18,841
Water Purification				
Labor	22,000	22,000	19,874	2,126
Supplies	32,600	32,600	48,319	(15,719)
Repairs	2,500	2,500	7,776	(5,276)
Testing and Laboratory	50,500	50,500	32,164	18,336
Engineering	3,000	3,000	152	2,848
Total Water Purification	110,600	110,600	108,285	2,315
Water Pumping				
Labor	120,000	120,000	104,048	15,952
Electric	175,000	175,000	153,406	21,594
Water Purchases	1,000	1,000	-	1,000
Engineering	16,000	16,000	6,919	9,081
Repairs, Maintenance and Supplies	114,000	114,000	111,839	2,161
Total Water Pumping	426,000	426,000	376,212	49,788

BOROUGH OF AMBLER
WATER FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING EXPENSES				
Water Distribution				
Labor	\$ 292,000	\$ 292,000	\$ 288,119	\$ 3,881
Maintenance Supplies	95,500	95,500	133,381	(37,881)
Utilities	30,000	30,000	23,279	6,721
Engineering	7,000	7,000	8,584	(1,584)
Contracted Repairs	50,000	50,000	93,841	(43,841)
Communications	5,500	5,500	6,156	(656)
Vehicle Expense	30,000	30,000	30,618	(618)
Leak Detection	15,000	15,000	12,835	2,165
Supplies	31,000	31,000	14,256	16,744
PA One Call	4,500	4,500	3,660	840
Total Water Distribution	560,500	560,500	614,729	(54,229)
Water Meter Installation				
Labor Meter Installation	12,500	12,500	10,366	2,134
Materials	30,000	30,000	43,310	(13,310)
Total Water Meter Installation	42,500	42,500	53,676	(11,176)
Customer Accounting and Collecting				
Labor	13,000	13,000	14,759	(1,759)
Accounting Supplies and Expense	500	500	-	500
Postage and Printing	2,000	2,000	245	1,755
Maintenance and Repairs	17,500	17,500	(134)	17,634
Uniforms	1,500	1,500	1,531	(31)
Computer Expense	8,500	8,500	16,684	(8,184)
Vehicle Expense	9,500	9,500	8,612	888
Engineering	500	500	455	45
Total Customer Accounting and Collecting	53,000	53,000	42,152	10,848

BOROUGH OF AMBLER
WATER FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING EXPENSES				
Administrative and General				
Salaries				
Elected Officials	\$ 10,833	\$ 10,833	\$ 11,569	\$ (736)
Office	263,000	263,000	261,092	1,908
Office Supplies	2,200	2,200	3,062	(862)
Postage, Printing and Advertising	13,000	13,000	11,443	1,557
Miscellaneous	80,000	80,000	4,761	75,239
Legal Fees	50,000	50,000	49,000	1,000
Conferences	4,000	4,000	4,045	(45)
Payroll Taxes, Benefits	283,027	283,027	279,380	3,647
Auditing, Accounting and Consulting	23,000	23,000	14,609	8,391
Telephone	4,500	4,500	4,387	113
Utilities	23,500	23,500	21,344	2,156
Engineering	10,000	10,000	19,626	(9,626)
Insurance	29,000	29,000	15,211	13,789
Depreciation Expense	250,000	250,000	333,705	(83,705)
Building Maintenance	2,300	2,300	1,063	1,237
Contracted Repairs	30,000	30,000	17,756	12,244
Total Administrative and General	<u>1,078,360</u>	<u>1,078,360</u>	<u>1,052,053</u>	<u>26,307</u>
Total Operating Expenses	<u>2,367,760</u>	<u>2,367,760</u>	<u>2,325,066</u>	<u>42,694</u>
OPERATING INCOME (LOSS)	<u>(135,260)</u>	<u>(135,260)</u>	<u>(37,375)</u>	<u>97,885</u>
NONOPERATING REVENUE (EXPENSE)				
Interest Income	2,500	2,500	5,147	2,647
Debt Service Expense	<u>(287,946)</u>	<u>(287,946)</u>	<u>(99,324)</u>	<u>188,622</u>
Total Nonoperating Revenues (Expense), Net	<u>(285,446)</u>	<u>(285,446)</u>	<u>(94,177)</u>	<u>191,269</u>
CHANGE IN NET POSITION	<u>\$ (420,706)</u>	<u>\$ (420,706)</u>	<u>(131,552)</u>	<u>\$ 289,154</u>
Net Position - Beginning of Year, as Restated			<u>5,019,555</u>	
NET POSITION - END OF YEAR			<u>\$ 4,888,003</u>	

BOROUGH OF AMBLER
SEWER FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Sewer Rents	\$ 883,000	\$ 883,000	\$ 955,675	\$ 72,675
Other Sources				
Miscellaneous	60,400	60,400	97,592	37,192
Total Operating Revenues	943,400	943,400	1,053,267	109,867
OPERATING EXPENSES				
Sewer Collection System				
Salaries and Wages	3,000	3,000	-	3,000
Material and Supplies	7,200	7,200	6,615	585
Inspection and Line Cleaning	1,000	1,000	-	1,000
Communication Expense	700	700	188	512
Vehicle Expense	5,700	5,700	4,639	1,061
Utilities	6,700	6,700	5,284	1,416
Contracted Repairs	3,380	3,380	1,314	2,066
Total Sewer Collection System	27,680	27,680	18,040	9,640
Administrative Expenses				
Salaries, Elected Officials	10,833	10,833	9,132	1,701
Salaries and Wages	93,000	93,000	88,744	4,256
Payroll Taxes and Benefits	55,563	55,563	49,912	5,651
Computer Programs and Expense	6,000	6,000	10,714	(4,714)
Materials and Supplies	2,000	2,000	1,863	137
Postage, Printing and Advertising	2,600	2,600	3,243	(643)
Legal Expense	23,000	23,000	22,400	600
Insurance	3,600	3,600	1,887	1,713
Telephone	2,250	2,250	2,714	(464)
Other Expenses	2,200	2,200	(12,523)	14,723
Depreciation	1,000	1,000	2,219	(1,219)
Auditing, Accounting and Consulting	13,500	13,500	10,075	3,425
Engineering	6,000	6,000	340	5,660
Conference and Convention Fees	1,000	1,000	1,000	-
Building Maintenance	300	300	78	222
Utilities	20,000	20,800	17,475	3,325
South Sewer Treatment	750,000	750,000	802,768	(52,768)
Shared Costs	4,000	4,000	-	4,000
Contracted Repairs	16,000	16,000	14,405	1,595
Total Administrative Expenses	1,012,846	1,013,646	1,026,446	(12,800)
Total Operating Expenses	1,040,526	1,041,326	1,044,486	(3,160)

**BOROUGH OF AMBLER
SEWER FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OPERATING INCOME (LOSS)	\$ (97,126)	\$ (97,926)	\$ 8,781	\$ 106,707
NONOPERATING REVENUES (EXPENSES)				
Interest Income	1,900	1,900	3,667	1,767
Debt Service Expense	(500)	(500)	-	500
Total Nonoperating Revenues (Expense), Net	<u>1,400</u>	<u>1,400</u>	<u>3,667</u>	<u>2,267</u>
CHANGE IN NET POSITION	<u>\$ (95,726)</u>	<u>\$ (96,526)</u>	12,448	<u>\$ 108,974</u>
Net Position - Beginning of Year, as Restated			<u>189,590</u>	
NET POSITION - END OF YEAR			<u>\$ 202,038</u>	

**BOROUGH OF AMBLER
 COMBINING STATEMENT OF PLAN NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2013**

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Non-Uniformed Employees</u>	
ASSETS			
Cash and Cash Equivalents	\$ 128,472	\$ 81,261	\$ 209,733
Accrued Income	15,187	2,956	18,143
Investments:			
Stocks, at Fair Value	4,509,140	2,471,340	6,980,480
Mutual Funds, at Fair Value	<u>4,263,078</u>	<u>2,162,722</u>	<u>6,425,800</u>
 Total Assets	 <u>\$ 8,915,877</u>	 <u>\$ 4,718,279</u>	 <u>\$ 13,634,156</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
(a Schedule of Funding Progress is Presented on Pages 53 and 54)	 <u>\$ 8,915,877</u>	 <u>\$ 4,718,279</u>	 <u>\$ 13,634,156</u>

BOROUGH OF AMBLER
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Pension Trust Funds		Total
	Police	Non-Uniformed Employees	
ADDITIONS			
Contributions:			
Plan Members	\$ -	\$ 54,313	\$ 54,313
Employer	-	89,819	89,819
Commonwealth	-	-	-
Other Contributions	28,000	14,965	42,965
Total Contributions	<u>28,000</u>	<u>159,097</u>	<u>187,097</u>
Investment Earnings:			
Net Appreciation in Fair Value of Investments	1,286,649	676,142	1,962,791
Interest	137	120	257
Dividends	193,588	104,877	298,465
Total Investment Earnings	<u>1,480,374</u>	<u>781,139</u>	<u>2,261,513</u>
Total Additions	1,508,374	940,236	2,448,610
DEDUCTIONS			
Benefits	227,959	63,562	291,521
Administration and Other	33,888	18,015	51,903
Total Deductions	<u>261,847</u>	<u>81,577</u>	<u>343,424</u>
CHANGE IN NET POSITION	1,246,527	858,659	2,105,186
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Net Position - Beginning of Year	<u>7,669,350</u>	<u>3,859,620</u>	<u>11,528,970</u>
Net Position - End of Year	<u>\$ 8,915,877</u>	<u>\$ 4,718,279</u>	<u>\$ 13,634,156</u>

BOROUGH OF AMBLER
SCHEDULE OF LIENED PROPERTY TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT AUDITORS' REPORT)

	Real Estate					
	Total	Borough	Fire	Street Lights	Recreation	Debt Service
Original Levy	\$ 1,894,182	\$ 1,564,516	\$ 89,401	\$ 89,401	\$ 89,401	\$ 61,463
Interim Levis and Adjustments	35,041	28,942	1,654	1,654	1,654	1,137
Total Levy	<u>1,929,222</u>	<u>1,593,458</u>	<u>91,055</u>	<u>91,055</u>	<u>91,055</u>	<u>62,600</u>
Less: Collections at Face	1,821,474	1,504,164	86,262	85,439	86,299	59,310
Outstanding, December 31, 2013	<u>\$ 107,748</u>	<u>\$ 89,294</u>	<u>\$ 4,793</u>	<u>\$ 5,616</u>	<u>\$ 4,756</u>	<u>\$ 3,290</u>

2013 ASSESSED VALUATION

Original Real Estate Assessment	\$ 279,377,840
Interim Levis and Adjustments	<u>5,168,250</u>
Total Assessment as Confirmed by the Board of Assessment Appeals	<u>\$ 284,546,090</u>

Taxes in 2013 were assessed as follows:

General Fund General Purpose	5.6
Fire Tax	0.32
Street Lighting Tax	0.32
Recreation Tax	0.32
Debt Service Tax	0.22
Total Mills	6.78