

TOWNSHIP OF Crescent



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF Crescent
ALLEGHENY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF CRESCENT
ALLEGHENY COUNTY, PENNSYLVANIA
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**To the Board of Commissioners
Township of Crescent**

Independent Auditor's Report

Report on Financial Statements

I have audited the accompanying financial statements of the Township of Crescent as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Crescent, Allegheny County, Pennsylvania as of December 31, 2012 and the respective changes in financial position – cash basis thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

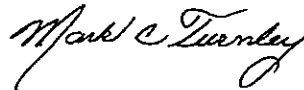
Other Matters

Report on Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township of Crescent's basic financial statements. The supplementary information (Schedules 1 through 4) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Defined benefit trust funds' historical pension information on pages 28-29 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on such information.



Mark C. Turnley, CPA

July 13, 2013
Rochester, Pennsylvania

TOWNSHIP OF CRESCENT
STATEMENT OF NET POSITION (CASH BASIS)
DECEMBER 31, 2012

EXHIBIT A

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 316,068 |
| Investments | 43,929 |
| Total Current Assets | \$ 359,997 |
| TOTAL ASSETS | \$ 359,997 |
| LIABILITIES | |
| Current Liabilities: | |
| Payroll Withholdings | \$ 85 |
| Escrow | 384 |
| Total Current Liabilities | \$ 469 |
| TOTAL LIABILITIES | \$ 469 |
| NET POSITION | |
| Restricted For: | |
| Highways and Streets | \$ 21,415 |
| Fire Department | 22,514 |
| Unrestricted | 315,599 |
| TOTAL NET POSITION | \$ 359,528 |
| TOTAL LIABILITIES AND NET POSITION | \$ 359,997 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
STATEMENT OF ACTIVITIES (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

| Functions/Programs | Program Receipts | | Net (Disbursements) Receipts and Changes in Net Assets |
|---|-------------------------|--|--|
| | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | |
| General Government | \$ 215,654 | \$ - | \$ (156,782) |
| Public Safety - Police | 326,298 | 1,610 | (308,499) |
| Public Safety - Fire | 70,069 | 13,170 | (56,899) |
| Public Safety - Other | 14,700 | - | 14 |
| Public Works - Sanitation | 161,642 | - | (3,123) |
| Public Works - Highways | 221,165 | 54,889 | (154,629) |
| Culture and Recreation | 18,414 | - | (18,414) |
| Debt Service | 10,232 | - | (10,232) |
| Insurance and Employee Benefits | 265,822 | 23,304 | (193,755) |
| Miscellaneous | 1,566 | - | (1,566) |
| Total Governmental Activities | \$ 1,305,562 | \$ 92,973 | (903,885) |
| Total Primary Government | \$ 1,305,562 | \$ 92,973 | (903,885) |
| General Receipts: | | | |
| Taxes: | | | |
| Property Taxes, Levied for General Purposes (net) | | | \$ 739,155 |
| Act 511 and Other Taxes | | | 384,617 |
| Investment Earnings | | | 17 |
| Miscellaneous | | | 6,079 |
| Total General Receipts | | | \$ 1,129,868 |
| Change in Net Position | | | \$ 225,983 |
| Net Position — January 1, 2012 | | | 133,545 |
| Net Position — December 31, 2012 | | | \$ 359,528 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
BALANCE SHEET (CASH BASIS)
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

EXHIBIT C

----- MAJOR GOVERNMENTAL FUNDS -----

| | GENERAL FUND | CAPITAL RESERVE FUND | MCCUTCHEON WAY SLIDE FUND | NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---------------------------|-------------------|----------------------|---------------------------|------------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 122,580 | \$ 104,007 | \$ 50,000 | \$ 39,481 | \$ 316,068 |
| Investments | - | - | - | 43,929 | 43,929 |
| TOTAL ASSETS | \$ 122,580 | \$ 104,007 | \$ 50,000 | \$ 83,410 | \$ 359,997 |

ASSETS:

Cash and Cash Equivalents
Investments

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES:

Payroll Withholdings
Escrow

TOTAL LIABILITIES

FUND BALANCES:

Restricted:

Highway Aid Fund
Fire Department Fund

Assigned

Unassigned

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

| | | | | | |
|---------------|-------------|-------------|-------------|-------------|---------------|
| \$ 85 | \$ - | \$ - | \$ - | \$ - | \$ 85 |
| 384 | - | - | - | - | 384 |
| \$ 469 | \$ - | \$ - | \$ - | \$ - | \$ 469 |

| | | | | | |
|-------------------|-------------------|------------------|------------------|-------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 21,415 | \$ 21,415 |
| - | - | - | - | 22,514 | 22,514 |
| - | 104,007 | 50,000 | 39,481 | - | 193,488 |
| 122,111 | - | - | - | - | 122,111 |
| \$ 122,111 | \$ 104,007 | \$ 50,000 | \$ 83,410 | \$ - | \$ 359,528 |

TOWNSHIP OF CRESCENT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | MAJOR GOVERNMENTAL FUNDS | | | | | |
|--|--------------------------|----------------------|---------------------------|-----------------------------|--------------------------|--|
| | GENERAL FUND | CAPITAL RESERVE FUND | MCCUTCHEON WAY SLIDE FUND | NON-MAJOR GOVERNMENTAL FUND | TOTAL GOVERNMENTAL FUNDS | |
| RECEIPTS | | | | | | |
| Taxes | \$ 1,059,465 | \$ - | \$ - | \$ - | \$ 1,059,465 | |
| Licenses and Permits | 55,564 | - | - | - | 55,564 | |
| Fines and Forfeitures | 14,046 | - | - | - | 14,046 | |
| Interest and Rents | 2,050 | 1 | - | 15 | 2,066 | |
| Intergovernmental | 102,391 | - | - | 54,889 | 157,280 | |
| Charges for Services | 188,282 | - | - | - | 188,282 | |
| Total Receipts | \$ 1,421,798 | \$ 1 | \$ - | \$ 54,904 | \$ 1,476,703 | |
| DISBURSEMENTS | | | | | | |
| General Government | \$ 214,574 | \$ - | \$ - | \$ - | \$ 214,574 | |
| Public Safety - Police | 326,298 | - | - | - | 326,298 | |
| Public Safety - Fire | 21,670 | - | - | 48,399 | 70,069 | |
| Public Safety - Other | 14,700 | - | - | - | 14,700 | |
| Public Works - Sanitation | 161,642 | - | - | - | 161,642 | |
| Public Works - Highways | 167,427 | 6,459 | - | 48,358 | 222,244 | |
| Culture and Recreation | 18,414 | - | - | - | 18,414 | |
| Debt Service | 360,232 | - | - | - | 360,232 | |
| Miscellaneous | 265,822 | - | - | - | 265,822 | |
| Total Disbursements | \$ 1,550,779 | \$ 6,459 | \$ - | \$ 96,757 | \$ 1,653,995 | |
| Excess (Deficiency) of Receipts over Disbursements | \$ (128,981) | \$ (6,458) | \$ - | \$ (41,853) | \$ (177,292) | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Refund of Prior Year Expenses | \$ 29,282 | \$ 6,079 | \$ - | \$ - | \$ 35,361 | |
| Refund of Prior Year Receipts | (1,568) | - | - | - | (1,568) | |
| Tax Anticipation Note | 350,000 | - | - | - | 350,000 | |
| Insurance Proceeds | 19,482 | - | - | - | 19,482 | |
| Operating Transfers In | - | 3,715 | 50,000 | 92,695 | 146,410 | |
| Operating Transfers Out | (146,410) | - | - | - | (146,410) | |
| Total Other Financing Sources (Uses) | \$ 250,786 | \$ 9,794 | \$ 50,000 | \$ 92,695 | \$ 403,275 | |
| NET CHANGE IN FUND BALANCES | \$ 121,805 | \$ 3,336 | \$ 50,000 | \$ 50,842 | \$ 225,983 | |
| FUND BALANCE - JANUARY 1, 2012 | 306 | 100,671 | - | 32,568 | 133,545 | |
| FUND BALANCE - DECEMBER 31, 2012 | \$ 122,111 | \$ 104,007 | \$ 50,000 | \$ 83,410 | \$ 359,528 | |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL (CASH BASIS)
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-----------------------------|---|
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 1,012,000 | \$ 1,012,000 | \$ 1,059,465 | \$ 47,465 |
| Licenses and Permits | 53,100 | 53,100 | 55,564 | 2,464 |
| Fines and Forfeitures | 17,000 | 17,000 | 14,046 | (2,954) |
| Interest and Rents | 3,825 | 3,825 | 2,050 | (1,775) |
| Intergovernmental | 69,000 | 69,000 | 102,391 | 33,391 |
| Charges for Services | 206,600 | 206,600 | 188,282 | (18,318) |
| Total Receipts | \$ 1,361,525 | \$ 1,361,525 | \$ 1,421,798 | \$ 60,273 |
| DISBURSEMENTS | | | | |
| General Government | \$ 238,384 | \$ 238,384 | \$ 214,574 | \$ 23,810 |
| Public Safety - Police | 348,843 | 348,843 | 326,298 | 22,545 |
| Public Safety - Fire | 22,400 | 22,400 | 21,670 | 730 |
| Public Safety - Other | 6,600 | 6,600 | 14,700 | (8,100) |
| Public Works - Sanitation | 162,000 | 162,000 | 161,642 | 358 |
| Public Works - Highways | 238,510 | 238,510 | 167,427 | 71,083 |
| Culture and Recreation | 29,000 | 29,000 | 18,414 | 10,586 |
| Debt Service | 257,800 | 257,800 | 360,232 | (102,432) |
| Miscellaneous | 251,600 | 251,600 | 265,822 | (14,222) |
| Total Disbursements | \$ 1,555,137 | \$ 1,555,137 | \$ 1,550,779 | \$ 4,358 |
| Excess (Deficiency) of Receipts over Disbursements | \$ (193,612) | \$ (193,612) | \$ (128,981) | \$ 64,631 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Refund of Prior Year Expenses | \$ 20,000 | \$ 20,000 | \$ 29,282 | \$ 9,282 |
| Refund of Prior Year Receipts | (3,600) | (3,600) | (1,568) | 2,032 |
| Loan Proceeds | 250,000 | 250,000 | 350,000 | 100,000 |
| Insurance Proceeds | - | - | 19,482 | 19,482 |
| Operating Transfers In | 44,412 | 44,412 | - | (44,412) |
| Operating Transfers Out | (113,000) | (113,000) | (146,410) | (33,410) |
| Total Other Financing Sources (Uses) | \$ 197,812 | \$ 197,812 | \$ 250,786 | \$ 52,974 |
| NET CHANGE IN FUND BALANCES | \$ 4,200 | \$ 4,200 | \$ 121,805 | \$ 117,605 |
| FUND BALANCE - JANUARY 1, 2012 | - | - | 306 | 306 |
| FUND BALANCE - DECEMBER 31, 2012 | \$ 4,200 | \$ 4,200 | \$ 122,111 | \$ 117,911 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

| | <u>POLICE PENSION FUND</u> | <u>NON-UNIFORM PENSION FUND</u> |
|------------------------------------|------------------------------------|---|
| ASSETS | | |
| Investments - PMRS | \$ 851,386 | \$ 493,923 |
| TOTAL ASSETS | <u>\$ 851,386</u> | <u>\$ 493,923</u> |
| LIABILITIES | | |
| Other Current Liabilities | \$ - | \$ - |
| TOTAL LIABILITIES | <u>\$ -</u> | <u>\$ -</u> |
| NET POSITION | | |
| Held in Trust for Pension Benefits | \$ 851,386 | \$ 493,923 |
| TOTAL NET POSITION | <u>\$ 851,386</u> | <u>\$ 493,923</u> |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | <u>POLICE PENSION FUND</u> | <u>NON-UNIFORM PENSION FUND</u> |
|---|---|--|
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 16,859 | \$ - |
| Plan Members | - | 11,078 |
| Misc | - | - |
| Total Contributions | <u>\$ 16,859</u> | <u>\$ 11,078</u> |
| Investment Earnings | | |
| Interest | \$ 47,339 | \$ 27,610 |
| Total Investment Earnings | <u>\$ 47,339</u> | <u>\$ 27,610</u> |
| Less investment Expense | - | - |
| Net Investment Earnings | <u>\$ 47,339</u> | <u>\$ 27,610</u> |
| TOTAL ADDITIONS | <u>\$ 64,198</u> | <u>\$ 38,688</u> |
| DEDUCTIONS | | |
| Refund of Member Contributions | \$ - | \$ 3,007 |
| Administrative Expenses | 100 | 180 |
| Allocated Insurance Premiums | 412 | 37 |
| TOTAL DEDUCTIONS | <u>\$ 512</u> | <u>\$ 3,224</u> |
| CHANGE IN NET POSITION | \$ 63,686 | \$ 35,464 |
| NET POSITION - JANUARY 1, 2012 | <u>787,700</u> | <u>458,459</u> |
| NET POSITION - DECEMBER 31, 2012 | <u>\$ 851,386</u> | <u>\$ 493,923</u> |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Crescent was created and organized under the provision governing the creation of municipal corporations by the Commonwealth of Pennsylvania. Members of the Board of Commissioners are elected by the voting public. These board members have complete authority over the operations and administration of the Township's activities. The major functions of the Township include public safety, maintenance of Township infrastructure (roads), sanitation control, maintenance of parks and other general administrative functions to facilitate the needs of the Township residents.

As herein described Note 1, the financial statements of the Township of Crescent are presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting. The more significant accounting policies used by the Township are discussed below.

REPORTING ENTITY

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

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The statement of net assets (Exhibit A) and the statement of activities (Exhibit B) display information about the Township as a whole. In specific, these financial statements combine all of the financial activity of the Township's major and non-major funds as described herein Note 1. The government-wide financial statements do not include the financial activity of the Township's fiduciary funds, which cannot be used to finance general operations. Generally accepted accounting standards describes and distinguishes the financial activity in any fund as being either governmental or business-type. The Township of Crescent does not currently operate any business-type activities.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The Township allocates the following program revenues under the column 'charges for services' to each functional disbursement category as follows:

- General Government – Cable Franchise fees, Licenses and permits, rents, lien letters, and miscellaneous sales of reports and maps
- Public Safety (Police) – Fines and forfeitures, police reports, task force receipts
- Public Safety (Other) – Building permits, electrical inspections, use and occupancy permits
- Public Works (Sanitation) – Solid waste collection fees
- Public Works (Highways) – Snow removal fees
- Culture and Recreation – Shouse park rentals

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

FUND FINANCIAL STATEMENTS – Fund financial statements report detailed information about the Township. The focus of the fund financial statements is on major funds. Major funds represent the Township's most important funds and are determined based on percentages of assets, liabilities, receipts, and disbursements. For the Township of Crescent, the General Fund is always considered a major fund. Each major fund is presented in a separate column. In Exhibit C, non-major funds are segregated and combined in a single column. Fiduciary funds are reported by fund type.

FUND ACCOUNTING

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

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

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MAJOR GOVERNMENTAL FUNDS:

GENERAL FUND - Established under 'The First Class Township Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Township. Income in this fund is derived mainly from assessed revenue such as real estate taxes, local taxes established under Act 511, charges for sanitation service, and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Township and other miscellaneous operating expenses.

CAPITAL RESERVE FUND (CAPITAL PROJECT) – Established to accumulate monies for the purchase of capital equipment. Monies have been received mainly through grants and transfers from the General Fund.

MCCUTCHEON WAY SLIDE REPAIR FUND (CAPITAL PROJECT) – Established in 2012 to accumulate monies for use on the McCutcheon Way Slide repair.

NON-MAJOR GOVERNMENTAL FUNDS:

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

FIRE DEPARTMENT FUND (SPECIAL REVENUE) - Established in 2005 to accumulate monies to assist the Township's volunteer fire department in defraying a portion of its' annual operating costs. Funding is received through transfers from the General Fund through a designation of one-half mill from the overall real estate tax millage assessed to property owners in the Township

PUBLIC WORKS VEHILCE FUND (CAPITAL PROJECT) – Established in 2012 to accumulate monies to purchase a new public works vehicle.

POLICE VEHICLE FUND (CAPITAL PROJECT) – Established in 2012 to accumulate monies to purchase a new police vehicle.

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has two pension trust funds (police pension fund and non-uniform pension fund).

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Governmental activities in the government-wide financial statements and government funds use the cash basis of accounting. Under the cash method, revenue is recognized at the time cash is received rather than when earned, and expenses are recognized when paid rather than when obligations are incurred. Fiduciary funds use the accrual basis of accounting.

BUDGETS

In December of 2011, the Township of Crescent adopted its annual budget for its general fund in accordance with the provisions of the Township Code. The general fund budget of \$1,671,737 was prepared utilizing the cash basis of accounting. During calendar year 2012, budgeted disbursements exceeded actual disbursements (Exhibit E). All annual appropriations of the general fund lapse at calendar year end.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

INVESTMENTS

Provisions of Section 1705 of the First Class Township Code authorize the following investments:

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

Governmental fund type investments include monies pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT). Fiduciary fund (pension fund) investments include money funds and mutual funds invested with the Pennsylvania Municipal Retirement System. Investments are stated at fair market value.

The Township of Crescent investment portfolio is in compliance with Section 1705 of the First Class Township Code at December 31, 2012.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net assets, governmental inter-fund receivables and payables have been eliminated. During the 2012 year, the General Fund transferred \$53,134 to the Fire Department Fund for its portion of the real estate tax millage (.0005) assessment, \$3,715 and \$80 respectively to the Capital Reserve and Highway Aid Funds for reimbursement of expenses. The General Fund also transferred \$10,000, \$29,481, and \$50,000 respectively to establish the Public Works Vehicle, Police Vehicle, and McCutcheon Way Slide Funds during calendar year 2012.

CAPITAL ASSETS

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

LONG-TERM DEBT

Long term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

NET POSITION

Generally accepted accounting standards require equity in the government-wide statement of net position to be reported as 'net position' rather than 'fund balance'. Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy Township obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets.
- Restricted – Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the Township or by the passage of time, or restrictions which are required to be maintained in perpetuity.
- Unrestricted – Consists of net position that do not meet the definition of 'restricted' or 'net investment in capital assets'.

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

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY

Beginning with calendar year 2011, the Township of Crescent implemented the terminology for Fund Equity as specified in GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions", however has not yet developed a formal written GASB 54 policy. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS:

At December 31, 2012, the Township of Crescent had the following carrying values on its cash and cash equivalent accounts:

| | Bank | (Memo Only) |
|------------------------------|--------------------------|--------------------------|
| | Balance | Book |
| | Balance | Balance |
| General Fund | \$ 131,898 | \$ 122,581 |
| Capital Reserve Fund | 104,007 | 104,007 |
| McCutcheon Way Slide Fund | 50,000 | 50,000 |
| Non Major Governmental Funds | 39,481 | 39,481 |
| TOTAL | <u>\$ 325,386</u> | <u>\$ 316,069</u> |

The difference between the bank and book balance represents reconciling items such as deposits in transit and outstanding checks. All funds in a 'noninterest-bearing transaction account' are insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

DEPOSITS (Continued)

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2012, the Township's bank balance total is not exposed to custodial credit risk as the bank balance totals do not exceed the maximum FDIC coverage limits. In accordance with Act number 72-1971 Session of the Commonwealth of Pennsylvania, the above deposits at each depository in excess of \$250,000, if any, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

INVESTMENTS:

The following represents the fair value of the Township's governmental and fiduciary fund investments as of December 31, 2012:

| | <u>Fair Value</u> |
|----------------------------|---------------------|
| GOVERNMENTAL FUNDS: | |
| PLGIT | <u>\$ 43,929</u> |
| FIDUCIARY FUNDS: | |
| PMRS | <u>\$ 1,345,309</u> |

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains net asset values of \$1 per share. Accordingly, the fair value of the position in this fund is the same as the value of these shares. These funds are rated by a nationally recognized statistical rating organization and PLGIT annual report can be obtained by accessing the web at www.plgit.com.

Custodial Credit Risk:

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

Credit Risk:

Section 1705 of the First Class Township Code and the Intergovernmental Cooperation Act limits the Township to certain types of investments. The Township does not have an investment policy that further limits its investment choices.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 3 - PROPERTY TAXES

The Township of Crescent levies property taxes May 1st of each calendar year. The calendar dates for payment of these taxes is as follows:

PAYMENT PERIOD

| | |
|--------------------------|-------------------|
| March 1 – April 30, 2012 | (Discount period) |
| May 1 – June 30, 2012 | (Face period) |
| July 1, 2012 and after | (Penalty period) |

Taxpayers are entitled to a 2% discount if taxes are paid prior to May 1st. Collections after June 30st are assessed a 10% penalty. Unpaid taxes for 2012 are sent to the Township's delinquent real estate tax collector for collection and subsequent lien with Allegheny County. The Township had unpaid property taxes for 2012 totaling \$56,881 as of December 31, 2012. This represents 7.6% of the Township's original assessment for the year totaling \$750,465.

The tax millage assessment for the 2012 calendar year is 6.5 mills on the assessed value of land and buildings (\$115,456,145), which represents \$6.50 of revenue for every \$1,000 of assessed value. Total millage is comprised of 6 mills for general operations and .5 mills for the operations of the Township's Volunteer Fire Department. The Township recognized property tax revenue when received during the fiscal year. Accordingly, no provision has been made for amounts estimated to be uncollectable.

NOTE 4 - GOVERNMENTAL DEBT OBLIGATIONS

TAX ANTICIPATION NOTE

In January of 2012, the Township received a tax anticipation note in the amount of \$350,000 from PNC Bank at an interest rate of 2.50% which was repaid by the Township in 2012.

NOTE PAYABLE

The Township of Crescent entered into general obligation loan agreement to obtain funding for the enhancement of the Township Municipal Building. The loan agreement was entered into on August 20, 2002 with The Commonwealth of Pennsylvania Department of Community and Economic Development in the amount of \$50,000. The terms of this loan call for forty (40) quarterly payments of \$1,377.69 at the rate of 2.015 percent. A summary of the remaining debt service requirements on this note obligation as of December 31, 2012 is as follows:

| <u>Year End</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|------------------|-----------------|------------------|
| Dec 31 2013 | \$ 6,667 | \$ 203 | \$ 6,870 |
| 2014 | 4,081 | 40 | 4,121 |
| | <u>\$ 10,748</u> | <u>\$ 243</u> | <u>\$ 10,991</u> |

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 - GOVERNMENTAL DEBT OBLIGATIONS (Continued)

The following represents the changes in the Township's long-term liabilities during 2012:

| | <u>Balance</u> <u>1/1/2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>12/31/2012</u> | <u>Due Within</u> <u>One Year</u> |
|--------------------------|-----------------------------------|------------------|-------------------|-------------------------------------|--------------------------------------|
| General Obligation Notes | \$ 15,964 | \$ - | \$ 5,216 | \$ 10,748 | \$ 6,667 |
| | <u>\$ 15,964</u> | <u>\$ -</u> | <u>\$ 5,216</u> | <u>\$ 10,748</u> | <u>\$ 6,667</u> |

NOTE 5 - TOWNSHIP PENSION PLANS

POLICE PENSION PLAN - The police pension plan is a single-employer defined benefit pension plan, established December 1, 1979, to provide retirement and death benefits to qualified police department employees under the provisions governing police pension plans in the Commonwealth of Pennsylvania and Local Township ordinances. The plan is governed by the Crescent Township Board of Commissioners who are responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage plan assets to the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer public employee retirement system.

Plan membership as of December 31, 2012 was comprised of:

| | |
|---|----------|
| Active employees | 3 |
| Retirees and beneficiaries currently receiving benefits | 1 |
| Terminated employees entitled to benefits but not yet receiving them | <u>1</u> |
| Total | <u>5</u> |

The summary of the plans provisions are as follows:

- PARTICIPANTS** - All full-time policemen of the Township of Crescent shall be participants in the plan.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have completed twelve (12) years of credited service as a Township employee and have attained the age of fifty-five.
- BENEFITS** - Based on 2.5% of the participant's average monthly salary earned during the 36 month period preceding retirement.
- TERMINATION** - The plan provides terminated employees with a return of their contributions, if any, plus 6.0% interest.
- FUNDING** - Employee contributions are equal to 5% of monthly earnings. Township contributions are to be determined by the actuary.
- VESTING** - Participants are 100% vested after twelve (12) years of service.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – TOWNSHIP PENSION PLANS (Continued)

NON-UNIFORM EMPLOYEES PENSION PLAN - The non-uniform employees pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 389 adopted pursuant to Act 15, established August 1, 1978, to provide retirement benefits for all qualified non-uniform employees. The plan is governed by the Crescent Township Board of Commissioners who are responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage plan assets to the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer public employee retirement system.

Plan membership as of December 31, 2012 was comprised of:

| | |
|---|---|
| Active employees | 5 |
| Retirees and beneficiaries currently receiving benefits | 2 |
| Terminated employees entitled to benefits but not yet receiving them | 1 |
| Total | 8 |

The summary of the plans provisions are as follows:

- PARTICIPANTS** - All full-time non-uniformed employees of the Township of Crescent.
- ELIGIBILITY** - All participants are eligible for retirement benefits provided that they have attained the normal retirement age of sixty-two.
- BENEFITS** - The plan provides for a monthly benefit equal to 1.5% of average monthly compensation earned during the sixty month period preceding retirement.
- TERMINATION** - The plan provides terminated employees with a return of their contributions, if any, plus 6.0% interest.
- FUNDING** - Employee contributions are equal to 3% of total compensation. Township contributions are to be determined by the actuary. Annual contributions are received from the Commonwealth of Pennsylvania as provided by Act 205, the General Municipal Pension State Aid Program.
- VESTING** - Participants are 100% vested after twelve (12) years of service.

FUNDING REQUIREMENTS

On December 18, 1984, act 205 was passed into law, and is known as the "Municipal Pension Plan Funding Standard and Recovery Act." The act mandates actuarial funding standards, establishes a recovery program for financially distressed pension plans and provides for the distribution of the tax on the premiums of foreign fire insurance companies. The act requires minimum funding standards based on the most recent actuarial valuation report, including normal cost and administrative expense requirements and an amortization contribution of the unfunded actuarial accrued liability. For financially distressed pension plans, the act provides for delayed implementation of this funding standard over either 10 or 15 years. In addition, supplemental state aid is available to all eligible municipalities and will be paid from the supplemental state assistance account.

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – TOWNSHIP PENSION PLANS (Continued)

In addition to member contributions, the pension plan may also receive an annual allocation from the General Municipal Pension System State Aid Program. The entire proceeds of the insurance premium tax on foreign casualty insurance companies and any investment income earned on those proceeds, and the portion of the proceeds of the insurance premium tax on foreign fire insurance companies which represents the amount of the distributions applicable to paid firefighters, and any investment income earned on the amount of those distributions are specifically designated for municipal pension plans. Any remaining obligation with respect to the pension plan shall be paid by the municipality.

The plan's investment income was used to fund administrative costs. There are no long-term contracts for contributions as of December 31, 2012. In addition, there are no assets legally reserved for purposes other than the payment of plan member benefits.

NOTE 6 – OPERATING LEASE

In May of 2011, the Township of Crescent entered into an agreement with G.E. Capital to lease certain office equipment. The terms of the lease call for the monthly payment of \$217 for a period of sixty (60) months. Lease expense for the calendar year 2012 totaled \$2,597. As of December 31, 2012 there are 41 payments remaining under this lease obligation.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

LEGAL MATTERS

The Township of Crescent on occasion is a party to various legal actions normally associated with municipalities, the aggregate effect of which, in management's opinion, would not be material to the financial position of the Township of Crescent.

STATE FUNDING

The Township of Crescent's state funded programs are subject to audit by various governmental agencies. The Township is potentially liable for any expenditure disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 8 – RISK MANAGEMENT

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

TOWNSHIP OF CRESCENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9- SUBSEQUENT EVENTS

Management has determined that there are no events subsequent to December 31, 2012 through the date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

***SUPPLEMENTARY
INFORMATION***

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL RECEIPTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | BUDGET | ACTUAL | (MEMORANDUM ONLY) 2011 |
|--|---------------------|---------------------|---------------------------|
| <u>TAXES:</u> | | | |
| Real estate tax - current | \$ 693,000 | \$ 682,032 | \$ 680,755 |
| Real estate tax - prior | 38,000 | 10,400 | 9,202 |
| Real estate tax - liened | 25,000 | 46,724 | 25,634 |
| Real estate tax - penalties/interest | 1,000 | - | - |
| Amusement Tax | 5,000 | - | - |
| Real estate transfer tax | 30,000 | 13,910 | 25,204 |
| Earned income tax - current | 200,000 | 292,837 | 207,947 |
| Earned income tax - penalties/interest | 10,000 | 248 | 5,655 |
| LST Collection | 10,000 | 13,315 | 13,379 |
| TOTAL TAXES | \$ 1,012,000 | \$ 1,059,465 | \$ 967,776 |
| <u>LICENSES AND PERMITS:</u> | | | |
| Business Licenses and Permits - Other | \$ 7,500 | \$ 4,385 | \$ 5,925 |
| Cable franchise fees | 45,000 | 51,119 | 48,629 |
| Street and curb permits | 500 | - | - |
| Solicitation Permit | 100 | 60 | 65 |
| TOTAL LICENSES AND PERMITS | \$ 53,100 | \$ 55,564 | \$ 54,619 |
| <u>FINES AND FORFEITURES:</u> | | | |
| Vehicle code violations | \$ 15,000 | \$ 11,802 | \$ 16,469 |
| State police fines | 2,000 | 2,244 | 2,239 |
| TOTAL FINES AND FORFEITURES | \$ 17,000 | \$ 14,046 | \$ 18,708 |
| <u>INTEREST AND RENTS:</u> | | | |
| Interest | \$ 225 | \$ - | \$ 11 |
| Multi-purpose room rental | 1,600 | 2,050 | 2,250 |
| Shouse Park rentals (net) | 2,000 | - | 125 |
| TOTAL INTEREST AND RENTS | \$ 3,825 | \$ 2,050 | \$ 2,386 |
| <u>INTERGOVERNMENTAL:</u> | | | |
| Public utility realty tax | \$ 1,400 | \$ 1,397 | \$ 1,505 |
| Alcoholic beverage licenses | 400 | 400 | 400 |
| Department of Justice | - | 1,610 | - |
| Pension state aid | 3,200 | 23,304 | 4,836 |
| Foreign fire insurance tax | 14,000 | 13,170 | 23,207 |
| Regional sales tax allocation | 50,000 | 62,510 | 53,352 |
| TOTAL INTERGOVERNMENTAL | \$ 69,000 | \$ 102,391 | \$ 83,299 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL RECEIPTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>(MEMORANDUM ONLY)</u> <u>2011</u> |
|--|----------------------------|----------------------------|---|
| <u>CHARGES FOR SERVICES:</u> | | | |
| Zoning and subdivision | \$ 200 | \$ 595 | \$ 1,080 |
| Building permits | 6,000 | 14,119 | 7,253 |
| Snow removal | 11,000 | 11,647 | 13,844 |
| Solid waste collection and disposal | 165,000 | 138,496 | 142,349 |
| Portnoff/Creditech delinquent garbage fees | 20,000 | 20,023 | 24,648 |
| Misc receipts - reports, maps, etc. | 500 | 448 | 3,223 |
| Lien letters | 900 | 810 | 825 |
| Task Force RMS | 3,000 | 1,813 | 3,331 |
| Police reports | - | 330 | 815 |
| TOTAL CHARGES FOR SERVICES | <u>\$ 206,600</u> | <u>\$ 188,282</u> | <u>\$ 197,368</u> |
| <u>OTHER FINANCIAL SOURCES:</u> | | | |
| Transfer from Capital Reserve Fund | \$ 44,412 | \$ - | \$ 50,000 |
| Tax anticipation loan | 250,000 | 350,000 | 250,000 |
| Insurance Proceeds | - | 19,482 | - |
| Refund prior year expenses | 20,000 | 29,282 | 19,912 |
| TOTAL OTHER FINANCIAL SOURCES | <u>\$ 314,412</u> | <u>\$ 398,764</u> | <u>\$ 319,912</u> |
| TOTAL RECEIPTS | <u>\$ 1,675,937</u> | <u>\$ 1,820,560</u> | <u>\$ 1,644,068</u> |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | BUDGET | ACTUAL | (MEMORANDUM ONLY) 2011 |
|---------------------------------------|------------------|------------------|---------------------------|
| GENERAL GOVERNMENT: | | | |
| LEGISLATIVE BODY: | | | |
| Personal services | \$ 300 | \$ 600 | \$ 759 |
| Commissioners | 6,000 | 6,000 | 5,926 |
| Legal Notices | 6,000 | 3,398 | 13,943 |
| Vehicle Mileage Reimbursement | 200 | - | - |
| Association dues and expense | 2,500 | 3,064 | 3,928 |
| TOTAL LEGISLATIVE BODY | \$ 15,000 | \$ 13,061 | \$ 24,557 |
| EXECUTIVE: | | | |
| Salary - secretary | \$ 42,100 | \$ 43,855 | \$ 46,235 |
| Salary - assistant | 28,080 | 37,814 | 13,636 |
| Office supplies | 3,000 | 3,463 | 2,262 |
| Vehicle Mileage Reimbursement | 200 | 121 | 81 |
| Cell phone | 600 | 566 | 560 |
| PA one call fax charges | 100 | 139 | 119 |
| Maintenance and repair | 2,500 | 1,580 | 1,145 |
| Association dues | 2,000 | 113 | 125 |
| Misc | 500 | 101 | 329 |
| Copier Expenses | 2,600 | 2,690 | 2,749 |
| Education expense | 5,000 | 1,847 | 2,160 |
| TOTAL EXECUTIVE: | \$ 86,680 | \$ 92,287 | \$ 69,399 |
| FINANCIAL ADMINISTRATION: | | | |
| Realstats | \$ 1,600 | \$ 1,600 | \$ 1,600 |
| Bank Service Charges | - | - | 6 |
| Professional auditors | 3,500 | 3,530 | 3,121 |
| TOTAL FINANCIAL ADMINISTRATION | \$ 5,100 | \$ 5,130 | \$ 4,726 |
| TAX COLLECTION: | | | |
| Salary - treasurer and tax collector | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Delinquent property tax | 3,700 | 2,036 | 2,052 |
| Treasurer | 2,500 | 2,676 | 2,465 |
| Wage tax - PMS expense | 4,500 | - | - |
| Computer maintenance | 2,000 | 2,680 | - |
| EIT - Keystone Commission | - | - | 2,484 |
| LST - Commission | 500 | - | 109 |
| Envelopes and Postage | 1,950 | 3,086 | 2,290 |
| Liened property | 2,000 | 3,403 | 3,840 |
| Association dues and expenses | 1,000 | - | 215 |
| TOTAL TAX COLLECTION | \$ 28,150 | \$ 23,881 | \$ 23,455 |
| LEGAL SERVICES: | | | |
| Solicitor monthly compensation | \$ 41,000 | \$ 36,380 | \$ 36,769 |
| Other legal fees | 3,000 | 1,587 | 5,311 |
| TOTAL LEGAL SERVICES | \$ 44,000 | \$ 37,967 | \$ 42,081 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | BUDGET | ACTUAL | (MEMORANDUM ONLY) 2011 |
|--|-------------------|-------------------|---------------------------|
| ENGINEER: | | | |
| Engineer/architect fees | \$ 15,000 | \$ 8,958 | \$ 24,415 |
| TOTAL ENGINEER | \$ 15,000 | \$ 8,958 | \$ 24,415 |
| GOVERNMENT BUILDING & PLANT: | | | |
| Cleaning services | \$ 11,704 | \$ 11,253 | \$ 11,253 |
| Supplies | 2,500 | 1,340 | 1,303 |
| Phones | 4,250 | 3,959 | 4,216 |
| Utilities | 13,000 | 10,111 | 10,312 |
| Capital Projects | 8,000 | 3,500 | 2,045 |
| Building maintenance and repair | 5,000 | 3,126 | 5,897 |
| TOTAL GOVERNMENT BUILDING & PLANT | \$ 44,454 | \$ 33,289 | \$ 35,027 |
| TOTAL GENERAL GOVERNMENT | \$ 238,384 | \$ 214,574 | \$ 223,660 |
| PUBLIC SAFETY: | | | |
| POLICE PROTECTION: | | | |
| Salary - chief | \$ 55,000 | \$ 58,220 | \$ 77,082 |
| Wages - patrolmen | 97,981 | 101,753 | 91,498 |
| Wages - captain | 48,776 | 51,842 | 46,926 |
| Wages - sargents | 44,616 | 45,458 | 43,774 |
| Task Force Wages | 2,900 | 2,872 | 1,299 |
| Longevity Pay | 1,870 | 1,868 | 4,391 |
| Overtime | 32,400 | 14,265 | 18,124 |
| Vehicle Mileage Reimbursement | 250 | 10 | - |
| Uniform allowance | 5,250 | 3,661 | 7,403 |
| Team Legal | 1,500 | 1,028 | 1,086 |
| Supplies | 3,000 | 3,709 | 1,897 |
| Gasoline and oil | 14,500 | 11,950 | 12,824 |
| Vehicle maintenance | 6,000 | 7,324 | 5,702 |
| Vehicle Wireless Computer Fee | 2,100 | 2,026 | 2,030 |
| Police Vehicle Purchase | 10,000 | - | 24,675 |
| Pre-Employment Physicals | 500 | 434 | 725 |
| Radio Service | 1,200 | 1,100 | 1,100 |
| Cell phone | 2,800 | 2,741 | 3,254 |
| Radio equipment maintenance | 750 | 200 | - |
| Purchase police radio | 750 | - | - |
| Computer maintenance | 2,700 | 6,228 | 3,323 |
| Investigation fund | 100 | - | - |
| Association dues and expenses | 750 | 703 | 558 |
| Education expense | 1,500 | 365 | 478 |
| Police Copier Expense | 550 | 1,020 | 678 |
| Moon - dispatch | 3,400 | 2,854 | 2,992 |
| Civil Service Exams | 500 | 385 | 499 |
| Civil Service Expenses | 500 | - | - |
| Ammunition | 1,700 | 1,221 | 336 |
| Capital purchases | 5,000 | 3,060 | 4,283 |
| TOTAL POLICE PROTECTION | \$ 348,843 | \$ 326,298 | \$ 356,936 |
| FIRE PROTECTION: | | | |
| Fire hydrant rental | \$ 8,400 | \$ 8,500 | \$ 8,500 |
| Foreign fire insurance | 14,000 | 13,170 | 23,207 |
| TOTAL FIRE PROTECTION | \$ 22,400 | \$ 21,670 | \$ 31,707 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | BUDGET | ACTUAL | (MEMORANDUM ONLY) 2011 |
|--------------------------------------|-------------------|-------------------|---------------------------|
| <u>AMBULANCE SERVICE:</u> | | | |
| General expense | \$ 600 | \$ 600 | \$ 600 |
| TOTAL AMBULANCE SERVICE | \$ 600 | \$ 600 | \$ 600 |
| <u>EMERGENCY MANAGEMENT:</u> | | | |
| Emergency Management Expenses | \$ 500 | \$ 118 | \$ 307 |
| TOTAL EMERGENCY MANAGEMENT | \$ 500 | \$ 118 | \$ 307 |
| <u>PLANNING AND ZONING:</u> | | | |
| Building inspector wages | \$ 5,000 | \$ 13,982 | \$ 4,754 |
| Zoning hearing board | 100 | - | - |
| Zoning hearing board - solicitor | 100 | - | - |
| Planning and zoning expenses | 100 | - | 44 |
| Dues, memberships, and subscriptions | 100 | - | - |
| Education expense | 100 | - | - |
| TOTAL PLANNING AND ZONING | \$ 5,500 | \$ 13,982 | \$ 4,798 |
| TOTAL PUBLIC SAFETY | \$ 377,843 | \$ 362,667 | \$ 394,347 |
| <u>PUBLIC WORKS:</u> | | | |
| <u>SANITATION:</u> | | | |
| Contracted services | \$ 154,000 | \$ 153,631 | \$ 153,778 |
| Billing service | 3,500 | 3,496 | 3,446 |
| Portnoff Assoc. delinquent collector | 4,500 | 4,515 | 3,675 |
| TOTAL SANITATION | \$ 162,000 | \$ 161,642 | \$ 160,899 |
| <u>HIGHWAYS:</u> | | | |
| Road wages | \$ 126,480 | \$ 89,974 | \$ 111,450 |
| Overtime | 6,240 | 1,749 | 6,423 |
| Uniform allowance | 1,200 | 1,176 | 1,040 |
| Materials and supplies | 8,750 | 4,682 | 12,547 |
| Vehicle fuel | 8,400 | 6,622 | 8,048 |
| Highway materials | 60,000 | 46,341 | 56,208 |
| Equipment Rental/Purchase | 2,000 | 1,016 | 2,813 |
| Equipment Repair | - | - | 1,659 |
| Vehicle repair and maintenance | 9,900 | 3,468 | 6,786 |
| Tires | 2,200 | 1,344 | 1,068 |
| CDL testing expenses | 400 | 202 | 391 |
| Cell phone | 1,300 | 860 | 1,133 |
| Association Dues and Expenses | - | - | 170 |
| Education/training | 400 | - | 215 |
| Capital purchases | 11,240 | 9,993 | 1,500 |
| TOTAL HIGHWAYS | \$ 238,510 | \$ 167,427 | \$ 261,450 |
| TOTAL PUBLIC WORKS | \$ 400,510 | \$ 329,070 | \$ 422,349 |

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF CRESCENT
DETAIL SCHEDULE OF BUDGETED AND ACTUAL DISBURSEMENTS - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

| | BUDGET | ACTUAL | (MEMORANDUM ONLY) 2011 |
|---|---------------------|---------------------|---------------------------|
| CULTURE AND RECREATION: | | | |
| RECREATION: | | | |
| Materials and supplies | \$ 6,000 | \$ 507 | \$ 2,590 |
| Recreation Board | 3,800 | 3,384 | 3,743 |
| Professional services | 1,500 | - | - |
| Grass maintenance | 9,900 | 8,200 | 8,610 |
| Utilities | 2,000 | 1,335 | 2,506 |
| Parks Board | 3,800 | 2,988 | 31 |
| Civic Club donation | 1,000 | 1,000 | 1,000 |
| TOTAL RECREATION | \$ 28,000 | \$ 17,414 | \$ 18,479 |
| SENIOR CITIZEN'S CENTER: | | | |
| General expense | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| TOTAL SENIOR CITIZEN'S CENTER | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| TOTAL CULTURE AND RECREATION | \$ 29,000 | \$ 18,414 | \$ 19,479 |
| DEBT SERVICE: | | | |
| 10 Ton Truck | \$ - | \$ - | \$ 23,620 |
| DCED Loan Police | 4,300 | 5,496 | 8,244 |
| TAN Interest | 3,500 | 4,737 | 3,362 |
| TAN Principal | 250,000 | 350,000 | 250,000 |
| TOTAL DEBT SERVICE | \$ 257,800 | \$ 360,232 | \$ 285,226 |
| MISCELLANEOUS: | | | |
| Intergovernmental | \$ 2,500 | \$ 2,323 | \$ 2,323 |
| Health and disability insurance | 134,000 | 101,912 | 103,202 |
| Non-uniform pension contribution | 3,000 | 1,105 | - |
| Uniform Employee Pension | 4,000 | 22,219 | 4,846 |
| Social security taxes - township share | 29,000 | 29,882 | 31,933 |
| Medicare - township share | 7,600 | 5,156 | 7,468 |
| Unemployment compensation insurance | 10,000 | 16,149 | 27,650 |
| Workmens compensation insurance | 24,000 | 47,082 | 32,889 |
| Package insurance | 31,000 | 31,604 | 30,929 |
| Public official insurance | 2,500 | 2,500 | - |
| Police professional insurance | 2,500 | 2,500 | 180 |
| Bonds | 1,500 | 3,391 | 1,863 |
| TOTAL MISCELLANEOUS | \$ 251,600 | \$ 265,822 | \$ 243,284 |
| OTHER FINANCING USES: | | | |
| Transfer to Capital Reserve Fund | \$ - | \$ 3,715 | \$ 12,976 |
| Transfer to Firemens Referendum | 53,000 | 53,134 | 53,267 |
| Transfer to Liquid Fuels Fund | - | 80 | - |
| Transfer to Public Works Vehicle Fund | 10,000 | 10,000 | - |
| Transfer to Police Vehicle Fund | - | 29,482 | - |
| Transfer to McCutcheon Way Slide Fund | 50,000 | 50,000 | - |
| Refund property taxes | 3,500 | 1,566 | 3,677 |
| Refund wage taxes | 100 | - | - |
| TOTAL OTHER FINANCING USES | \$ 116,600 | \$ 147,976 | \$ 69,920 |
| TOTAL DISBURSEMENTS AND OTHER FINANCING USES | \$ 1,671,737 | \$ 1,698,756 | \$ 1,658,265 |

The accompanying notes are an integral part of these financial statements

SCHEDULE 3

TOWNSHIP OF CRESCENT
COMBINING BALANCE SHEET (CASH BASIS)
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

| | <u>HIGHWAY AID FUND</u> | <u>FIRE DEPARTMENT FUND</u> | <u>PUBLIC WORKS VEHICLE FUND</u> | <u>POLICE VEHICLE FUND</u> | <u>TOTAL</u> |
|--|-----------------------------|-------------------------------------|--|--------------------------------|------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ 10,000 | \$ 29,481 | \$ 39,481 |
| Investments | 21,415 | 22,514 | - | - | 43,929 |
| TOTAL ASSETS | <u>\$ 21,415</u> | <u>\$ 22,514</u> | <u>\$ 10,000</u> | <u>\$ 29,481</u> | <u>\$ 83,410</u> |
| LIABILITIES AND FUND BALANCE: | | | | | |
| LIABILITIES: | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL LIABILITIES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FUND BALANCES: | | | | | |
| Restricted | \$ 21,415 | \$ 22,514 | \$ - | \$ - | \$ 43,929 |
| Assigned | - | - | 10,000 | 29,481 | 39,481 |
| TOTAL FUND BALANCES | <u>\$ 21,415</u> | <u>\$ 22,514</u> | <u>\$ 10,000</u> | <u>\$ 29,481</u> | <u>\$ 83,410</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 21,415</u> | <u>\$ 22,514</u> | <u>\$ 10,000</u> | <u>\$ 29,481</u> | <u>\$ 83,410</u> |

The accompanying notes are an integral part of these financial statements

SCHEDULE 4

TOWNSHIP OF CRESCENT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS)
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | | <u>FIRE</u> | <u>PUBLIC</u> | <u>POLICE</u> | <u>TOTAL</u> |
|---|--------------------|-------------------|---------------------|------------------|-------------------|
| <u>RECEIPTS:</u> | <u>HIGHWAY AID</u> | <u>DEPARTMENT</u> | <u>WORKS</u> | <u>VEHICLE</u> | <u>FUND</u> |
| | <u>FUND</u> | <u>FUND</u> | <u>VEHICLE FUND</u> | <u>FUND</u> | <u>FUND</u> |
| Liquid Fuels Allocation | \$ 54,889 | - | - | - | \$ 54,889 |
| Interest | 9 | 6 | - | - | 15 |
| TOTAL REVENUES | \$ 54,898 | \$ 6 | \$ - | \$ - | \$ 54,904 |
| <u>OTHER FINANCING SOURCES:</u> | | | | | |
| Interfund Transfer | \$ 80 | \$ 53,134 | \$ 10,000 | \$ 29,481 | \$ 92,695 |
| TOTAL OTHER FINANCING USES | \$ 80 | \$ 53,134 | \$ 10,000 | \$ 29,481 | \$ 92,695 |
| TOTAL RECEIPTS AND OTHER FINANCING SOURCES | \$ 54,978 | \$ 53,140 | \$ 10,000 | \$ 29,481 | \$ 147,599 |
| <u>DISBURSEMENTS:</u> | | | | | |
| Public Safety - Fire | - | \$ 48,399 | - | - | \$ 48,399 |
| Debt Service | 48,358 | - | - | - | 48,358 |
| TOTAL DISBURSEMENTS | \$ 48,358 | \$ 48,399 | \$ - | \$ - | \$ 96,757 |
| NET CHANGE IN FUND BALANCES | \$ 6,620 | \$ 4,741 | \$ 10,000 | \$ 29,481 | \$ 50,842 |
| FUND BALANCE - January 1, 2012 | 14,795 | 17,773 | - | - | 32,568 |
| FUND BALANCE - December 31, 2012 | \$ 21,415 | \$ 22,514 | \$ 10,000 | \$ 29,481 | \$ 83,410 |

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CRESCENT
OTHER INFORMATION
DEFINED BENEFIT PENSION PLANS
DECEMBER 31, 2012**

SCHEDULES OF FUNDING PROGRESS:

| | (A) | (B) | (B-A) (UAAL) | (A/B) | (C) | (B-A)/C |
|--------------------------------|---------------------------------|-----------------------------------|---|-----------------|--------------------|---|
| ACTUARIAL VALUATION DATE | ACTUARIAL VALUE OF ASSETS | ACTUARIAL ACCRUED LIABILITY | UNFUNDED ACTUARIAL ACCRUED LIABILITY | FUNDED RATIO | COVERED PAYROLL | UAAL AS A % OF COVERED PAYROLL |
| POLICE: | | | | | | |
| 1/1/01 | \$ 574,049 | \$ 354,631 | \$ (219,418) | 162% | \$ 38,245 | -573.7% |
| 1/1/03 | 613,332 | 374,149 | (239,183) | 164% | 98,289 | -243.3% |
| 1/1/05 | 672,400 | 438,420 | (233,980) | 153% | 122,700 | -190.7% |
| 1/1/07 | 728,174 | 504,851 | (223,323) | 144% | 145,418 | -153.6% |
| 1/1/09 | 807,395 | 587,206 | (220,189) | 137% | 151,389 | -145.4% |
| 1/1/11 | 871,434 | 767,406 | (104,028) | 114% | 239,629 | -43.4% |
| NON-UNIFORM: | | | | | | |
| 1/1/01 | \$ 522,092 | \$ 448,482 | \$ (73,610) | 116% | \$ 100,369 | -73.3% |
| 1/1/03 | 575,565 | 524,991 | (50,574) | 110% | 159,797 | -31.6% |
| 1/1/05 | 628,548 | 593,494 | (35,054) | 106% | 178,630 | -19.6% |
| 1/1/07 | 597,869 | 497,347 | (100,522) | 120% | 138,552 | -72.6% |
| 1/1/09 | 556,719 | 430,033 | (126,686) | 129% | 151,923 | -83.4% |
| 1/1/11 | 557,869 | 447,585 | (110,284) | 125% | 185,051 | -59.6% |

SCHEDULES OF EMPLOYER'S CONTRIBUTIONS:

| | YEAR ENDED DECEMBER 31 | ANNUAL REQ. CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|--------------------|---------------------------|-----------------------------|---------------------------|
| POLICE: | | | |
| | 2006 | \$ - | N/A |
| | 2007 | - | N/A |
| | 2008 | - | N/A |
| | 2009 | - | N/A |
| | 2010 | - | N/A |
| | 2011 | 3,682 | 100% |
| | 2012 | 11,499 | 100% |
| NON-UNIFORM | | | |
| | 2006 | \$ 2,954 | 100% |
| | 2007 | 9,592 | 100% |
| | 2008 | 8,738 | 100% |
| | 2009 | 2,456 | 100% |
| | 2010 | 3,479 | 100% |
| | 2011 | - | N/A |
| | 2012 | 1,085 | 100% |

TOWNSHIP OF CRESCENT
NOTES TO OTHER INFORMATION
DECEMBER 31, 2012

NOTE 1 - TREND INFORMATION

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the actuarial accrued liability as a factor.

Analysis of the dollar amount of the actuarial value of assets, actuarial accrued liability, and unfunded (assets in excess of) actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage, over time, indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded (assets in excess of) actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded (assets in excess of) actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, where there is an unfunded actuarial accrued liability, the smaller this percentage, the stronger the plan. However, when assets are in excess of the actuarial accrued liability, the higher the bracketed percentage, the stronger the plan.

NOTE 2 - ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the preceding other information section was determined as part of the actuarial valuations dated January 1, 2011 per PMRS.

Actuarial Cost Method - Entry Age Normal

Amortization Method - Level Dollar Closed

Remaining Amortization Period – Weighted Average – 14.33 Years

Asset Valuation Method – Fair Value

Investment Rate of return - 6.0% per annum

Salary Increase – Age-related scale and merit