

Borough of Honesdale

Audit Report

December 31, 2013

Rainey & Rainey
Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA
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Independent Auditor's Report

Borough Council
Borough of Honesdale
Wayne County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Honesdale, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough'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 the 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

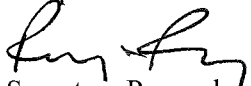
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Borough of Honesdale as of December 31, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be "L. J. [unclear]", written in a cursive style.

Scranton, Pennsylvania

May 28, 2014

Borough of Honesdale
Balance Sheet - Governmental Funds
As of December 31, 2013

	General Fund	Special Revenue	Debt Service	Total Governmental Fund Types
Assets				
Cash - Checking	\$ 86,147	\$ 253,951	\$ 44,253	\$ 384,351
Certificates of Deposit	-	47,082	-	47,082
Taxes Receivables	66,837	-	-	66,837
Other Receivables	1,084	-	-	1,084
Total Assets	<u>\$ 154,068</u>	<u>\$ 301,033</u>	<u>\$ 44,253</u>	<u>\$ 499,354</u>
Liabilities				
Accounts Payable	\$ 16,367	\$ -	\$ -	\$ 16,367
Accrued Wages	5,539	-	-	5,539
Total Liabilities	<u>\$ 21,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,906</u>
Fund Balance				
Unreserved	\$ 132,162	\$ -	\$ -	\$ 132,162
Reserved For Debt Retirement	-	-	44,253	44,253
Designated For Specific Fund Purpose	-	301,033	-	301,033
Total Fund Balance	<u>\$ 132,162</u>	<u>\$ 301,033</u>	<u>\$ 44,253</u>	<u>\$ 477,448</u>
Total Liabilites and Fund Balance	<u>\$ 154,068</u>	<u>\$ 301,033</u>	<u>\$ 44,253</u>	<u>\$ 499,354</u>

Borough of Honesdale
Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds
For the Year Ended December 31, 2013

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Fund Types</u>
Revenues				
Taxes and assessments	\$ 1,485,155	\$ 12,155	\$ 137,195	\$ 1,634,505
Licenses and permits	9,530	-	-	9,530
Fines and forfeits	34,447	-	-	34,447
Interest	4,741	919	116	5,776
Intergovernmental revenues	129,753	192,750	-	322,503
Charges for services	312,507	9,810	-	322,317
Tax Anticipation Loan	150,000	-	-	150,000
Miscellaneous Income	28,716	24,000	-	52,716
Operating transfers in	-	104,063	-	104,063
Total revenues	\$ 2,154,849	\$ 343,697	\$ 137,311	\$ 2,635,857
Expenditures				
General government	\$ 221,317	\$ 700	\$ -	\$ 222,017
Public safety	1,182,062	-	-	1,182,062
Public Works	366,137	165,518	-	531,655
Culture - recreation	186,229	-	-	186,229
Debt Service - Principal	184,892	-	120,338	305,230
Debt Service - Interest	814	-	5,872	6,686
Pension, Insurance and Miscellaneous	63,919	173,324	-	237,243
Operating transfers out	108,102	-	-	108,102
Total Expenditures	\$ 2,313,472	\$ 339,542	\$ 126,210	\$ 2,779,224
Net Change In Fund Balance	\$ (158,623)	\$ 4,155	\$ 11,101	\$ (143,367)
Fund balance - January 1, 2013	<u>290,785</u>	<u>296,878</u>	<u>33,152</u>	<u>620,815</u>
Fund balance - December 31, 2013	<u><u>\$ 132,162</u></u>	<u><u>\$ 301,033</u></u>	<u><u>\$ 44,253</u></u>	<u><u>\$ 477,448</u></u>

Borough of Honesdale
Statement of Revenues, Expenditures and Changes in Fund
Balance - General Fund - Budget vs Actual
For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes and assessments	\$ 1,403,562	\$ 1,403,562	\$ 1,485,155	\$ 81,593
Licenses and permits	4,750	4,750	9,530	4,780
Fines and forfeits	24,000	24,000	34,447	10,447
Interest	4,800	4,800	4,741	(59)
Intergovernmental revenues	13,988	13,988	129,753	115,765
Charges for services	602,106	602,106	312,507	(289,599)
Tax Anticipation Loan	200,000	200,000	150,000	(50,000)
Miscellaneous Income	-	-	28,716	28,716
Operating transfers in	-	-	-	-
Total revenues	<u>\$ 2,253,206</u>	<u>\$ 2,253,206</u>	<u>\$ 2,154,849</u>	<u>\$ (98,357)</u>
Expenditures				
General government	\$ 184,891	\$ 184,891	\$ 221,317	\$ (36,426)
Public safety	1,056,612	1,056,612	1,182,062	(125,450)
Public Works	436,579	436,579	366,137	70,442
Culture - recreation	70,166	70,166	186,229	(116,063)
Debt Service - Principal	340,225	340,225	184,892	155,333
Debt Service - Interest	8,433	8,433	814	7,619
Pension, Insurance and Miscellaneous	236,837	236,837	63,919	172,918
Operating transfers out	2,000	2,000	108,102	(106,102)
Total expenditures	<u>\$ 2,335,744</u>	<u>\$ 2,335,744</u>	<u>\$ 2,313,472</u>	<u>\$ 22,272</u>
Change in Fund Balance	<u>\$ (82,537)</u>	<u>\$ (82,537)</u>	<u>\$ (158,623)</u>	<u>\$ (76,086)</u>
Fund balance - January 1, 2013			<u>290,785</u>	
Fund balance - December 31, 2013			<u>\$ 132,162</u>	

Borough of Honesdale
Statement of Fiduciary Net Assets - Fiduciary Funds
As of December 31, 2013

	<u>Private-Purpose</u>			<u>Agency Fund</u>	
	<u>Trust Fund</u>	<u>Pension Trust Funds</u>			
	<u>Rev. Doherty Fuel Fund</u>	<u>Non Uniform Pension</u>			<u>Uniform Pension</u>
<u>Assets</u>					
Current Assets					
Cash and Cash Equivalents	\$ 28,003	\$ -	\$ -	\$ 22,940	
Investments	<u>531,000</u>	<u>277,118</u>	<u>2,857,837</u>	<u>-</u>	
Total Assets	<u>\$ 559,003</u>	<u>\$ 277,118</u>	<u>\$ 2,857,837</u>	<u>\$ 22,940</u>	
<u>Liabilities and Net Assets</u>					
Liabilities					
Other Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,940</u>	
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,940</u>	
Net Assets					
Held in accordance with trust agreement	\$ 559,003	\$ -	\$ -	\$ -	
Held in trust for pension benefits	<u>-</u>	<u>277,118</u>	<u>2,857,837</u>	<u>-</u>	
Total Net Assets	<u>\$ 559,003</u>	<u>\$ 277,118</u>	<u>\$ 2,857,837</u>	<u>\$ -</u>	
Total Liabilities and Net Assets	<u>\$ 559,003</u>	<u>\$ 277,118</u>	<u>\$ 2,857,837</u>	<u>\$ 22,940</u>	

Borough of Honesdale
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds
For the Year Ended December 31, 2013

	Private-Purpose		
	Trust Fund	Pension Trust Funds	
	Rev. Doherty Fuel Fund	Non Uniform Pension	Uniform Pension
Additions			
State Aid	\$ -	\$ -	\$ -
Contributions - Employee	-	-	146,224
Contributions - Employer	-	27,100	24,110
Interest / Dividend Income	9,291	3,653	60,117
Realized Gain(Loss) on Sale of Investments	-	7,860	91,464
Net Appreciation/Depreciation in Fair Values of Investments	-	-	-
	<u>59,000</u>	<u>22,066</u>	<u>433,097</u>
Total Additions	\$ 68,291	\$ 60,680	\$ 755,012
Deductions			
Expenditures in Accordance with Trust Instrument	\$ 7,000	\$ 2,812	\$ 36,759
Pension Benefits	-	-	222,734
Administrative Expenses	-	-	1,000
	<u>-</u>	<u>-</u>	<u>1,000</u>
Total Deductions	\$ 7,000	\$ 2,812	\$ 260,493
Change in Net Assets	\$ 61,291	\$ 57,868	\$ 494,518
Net Assets - January 1, 2013	\$ 497,712	\$ 219,250	\$ 2,363,319
Net Assets - December 31, 2013	\$ 559,003	\$ 277,118	\$ 2,857,837

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

The Borough provides municipal services to its residents. A seven-member Borough Council elected by residents governs the Borough. The Borough's main sources of funding are property taxes and sewer user fees.

Financial Reporting Entity

In evaluating how to define the Borough for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The manifestation of the ability to exercise oversight responsibilities includes (but is not limited to): financial interdependency; selection of the governing members; designation of management; and the ability to significantly influence operations and accountability. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless if the Municipality is able to exercise oversight responsibilities.

As defined above, there are no other related organizations that should be included in the Borough's financial statement presentation.

Basis of Presentation - Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent. There are three fund types presented in this report. A brief description of each is presented below.

A. Governmental Fund Types

General Fund - The General Fund is used to account for all Borough resources and expenditures except for those required to be accounted for in another fund.

Special Revenue Fund - Restricted Funds are used to account for specific projects or activities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long term debt principal and interest.

B. Fiduciary Fund Types

Trust and Agency Funds - Fiduciary Funds are used to account for assets held by the Borough in a trustee capacity. The Borough maintains Pension Trust Funds, a Private-Purpose Trust Fund and an Agency Fund. Included in this category are:

- Pension Trust Fund - funds held for Borough Police and Non-Uniformed Employees.
- Private-Purpose Trust Fund - funds held by the Borough in a trustee capacity for others. Principal is restricted and only the income earned may be used for the specified purpose. The Rev. Doherty Fuel Fund

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

is accounted for as a private-purpose trust fund.

- Agency Fund – used to account for funds placed with the Borough acting as agent or custodian. These funds are only custodial (assets equal liabilities) and do not require measurement of results of operations assets held for other funds, governments or individuals. The Borough maintains a Fire Loss Escrow Account as an agency fund.

Fund Financial Statements

All governmental funds are accounted for using the modified-accrual method of accounting. Under this method of accounting, revenues are recognized in the period that they are available and expenditures are recognized in the accounting period in which the fund liability is incurred.

Budgets and Budgetary Accounting

An operating budget is adopted each year by Borough Council for the General Fund, Special Revenue, and Debt Service Fund on the modified cash basis of accounting.

The Borough, before levying annual taxes, is required to prepare an operating budget for the succeeding fiscal year. The Borough is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action that the proposed budget has been prepared and is available for public inspection at the administrative office of the Borough. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Borough Council.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and investments with original maturities of three months or less.

Fixed Assets and Depreciation

Under the modified-accrual method of accounting, capital assets and the related depreciation are not recognized in the balance sheet. This differs from GAAP which requires that capital assets are recorded and depreciated over their estimated useful lives. Capital expenditures are recorded as expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Interfund Transactions

Advances between funds are accounted for in the appropriate inter-fund receivable and payable accounts. These advances, reported in the asset accounts, are considered “available spendable resources.”

Fund Balances

In the year ending December 31, 2013, the Borough implemented Governmental Accounting

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: non-spendable, restricted, committed, assigned and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Restricted - Consists of amounts constrained to be used for a specific purpose as per: external parties, contributors or enabling legislation.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit.
- Assigned – Consists of amounts intended to be used for a certain purpose as per committee or individual authorized by the governing body

NOTE 2 – REAL ESTATE TAXES:

The Borough Tax Collector, an official elected by the voters, collects and remits to the Borough the real estate taxes collected during the year. The tax rate for the year ended December 31, 2013 was 4.98 mills on an assessed valuation of \$268,729,570. During the year, the Borough collected \$1,303,967 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$1,424,274. The Borough's rate of collection approximated 92% of total taxes due during the year.

The 2013 tax duplicates were issued April 1, 2013 and were due within 120 days of issue. A 2% rebate is granted to those who pay their tax within 60 days of issue. For those who pay after 120 days of issue, a 5% penalty is added. At December 31 of each year any current year unpaid real estate taxes are returned to the County for collection.

A breakdown of the millage is as follows:

Borough Tax	4.08 Mills
Recreation/Fire Tax	0.57 Mills
Borough Special Tax	0.05 Mills
Borough Debt	<u>0.60 Mills</u>
	<u>5.30 Mills</u>

NOTE 3 – DEPOSITS & INVESTMENTS:

The Borough's investment policy is to invest in: (1) United States Treasury Bills, (2) short-term obligations of the United States Government or its agencies or instrumentalities, (3) deposits in savings or time accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by the law therefore shall be pledged by the depository, (4) obligations of the United States of America or any of its agencies

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

or instrumentalities backed by the full faith and credit of the political subdivision, and (5) shares of certain investment companies registered under the Investment Companies in (1) – (4) listed above, maintain a constant per share net asset value and are related in the highest category by a nationally recognized rating agency.

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. As of December 31, 2013, \$45,315 of the Borough's bank balance of \$499,239 was exposed to custodial credit risk. Of that amount, \$45,315 was uninsured but was collateralized by securities pledged by the financial institutions for such funds but not in the Borough's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

NOTE 4 – LONG TERM DEBT:

The following is a summary of changes in Long-Term Debt for the year ended December 31, 2013.

<u>Type of Debt</u>	<u>Rate of Interest</u>	<u>Monthly Payment</u>	<u>Balance 1/01/2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/2013</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>							
2013 Tax Anticip Note			-	150,000	150,000	-	-
General Obligation Note	3.97%	\$ 2,635	63,108	-	29,638	33,470	33,470
General Obligation Note	2.15%	\$ 1,526	60,792	-	15,198	45,594	15,198
General Obligation Note	1.49%	\$ 8,593	302,453	-	99,300	203,153	100,810
General Obligation Note	1.13%	\$ 943	22,308	-	11,095	11,213	11,213
Total Governmental			<u>\$ 448,661</u>	<u>\$ 150,000</u>	<u>\$ 305,231</u>	<u>\$ 293,430</u>	<u>\$ 160,691</u>

Annual Debt Service Requirements

Annual requirements to amortize principal and interest on debt outstanding as of December 31, 2013, are:

<u>Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	160,691	3,807
2015	<u>132,739</u>	<u>1,083</u>
	<u>\$ 293,430</u>	<u>\$ 14,087</u>

NOTE 5 - PENSION PLAN:

Police Pension

The Borough received 85,827 as its annual allocation from the Commonwealth of Pennsylvania and remitted \$134,155 to the pension plans. Pension plan expense for 2013 was as follows:

	<u>State Aid</u>	<u>Municipal Contribution</u>	<u>Pension Plan Expense</u>
Police	\$ 62,240	\$ 48,328	\$ 146,224
Non – Uniformed	<u>27,100</u>	-	<u>27,100</u>
	<u>\$ 89,340</u>	<u>\$ 48,328</u>	<u>\$ 173,324</u>

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

The Borough has a pension plan, which covers all full-time police officers in accordance with Act 205 of 1985, the Municipal Pension Funding Standards and Recovery Act. The plan is funded primarily through an annual allocation from the Commonwealth of the 2% tax imposed on foreign casualty insurance premiums and through contributions received from the Borough of Honesdale and plan members. The Commonwealth, through the enactment of Act 205, distributes the allocation on a need only basis. The actuarial study conducted as of January 1, 2013 concluded that there is an unfunded actuarial accrued liability of \$1,188,582.

The Minimum Municipal Obligation for 2013 is calculated to be \$146,224.

According to the actuary, the financial reporting and the actuarial and historical data for this plan satisfies the reporting requirements of Government Accounting Standards Board (GASB), 5, 25 and 27.

Summary of Plan Provisions

1. Dates

Plan Year	Twelve-month period beginning January 1 and ending December 31
Date Plan Established:	September 1, 1960.

2. Definitions

Employee.....	Any person employed on a full-time basis by the Borough of Honesdale as a police officer.
Retirement Benefit	
Beginning Date.....	The day following eligibility for and election to retire.
Accrued Benefit.....	Normal Retirement Benefit multiplied by Service to date and divided by projected Service to Normal Retirement.
Salary.....	Total wages paid by the employer including base salary, longevity pay, ranking officer pay and overtime pay.
Years of Service.....	Date of hire through date of retirement or other severance. Participants may purchase up to 5 years of military service for pension purposes as allowed by state law.
Normal Form of Payment.....	A monthly pension benefit payable for life.

3. Participation

Entry Date.....	Date of hire.
Eligibility.....	No other requirements.

4. Normal Retirement

Eligibility.....	Age 50 and the completion of 25 years of service.
Amount of Benefit.....	Monthly benefit equal to 50 percent of Average Monthly Salary.

5. Disability

Eligibility.....	Total and permanent disablement that occurs while performing the duties of a police officer for the Borough of Honesdale.
Benefits	Same benefit as Normal Retirement but based on the average base and longevity pay during the last 36-months prior to disablement.
.....	First day of calendar month following disablement and continuing for duration of Disability prior to Normal Retirement date and life thereafter.
Benefit Commencement.....	thereafter.

6. Vesting

Schedule.....	100 percent after the completion of 12 years of Service.
Amount of Benefit.....	Accrued Benefit at date of termination payable at Normal Retirement.
After Retirement Eligibility..	A monthly benefit equal to 50 percent of the pension the participant

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

was receiving or entitled to receive on the day of the participant's death is payable to the participant's spouse.

7. Cost-of-Living Adjustment

Effective each January 1, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI during the last year times the pension benefit. The total of all increases may not exceed 30 percent of the retiree's original benefit.

8. Employee Contributions

Mandatory..... Participants will contribute 5.0 percent of salary.

Refund..... Accumulated contributions and 2.5 percent compound interest credited from the mid-point of the year or part of a year when made through the first day of the month in which distribution occurs.

Non-Uniformed Plan

The Borough has a pension plan, which covers all full-time non-uniformed employees who are at least 20 years of age and have completed 12 months of service. The Plan is administered by the Pennsylvania State Association of Borough Municipal Retirement Trust. The Plan provides for normal retirement at age 65 with 100% vesting after seven years of service. The Borough Council may establish and amend plan provisions. The Minimum Municipal Obligation for 2013 is calculated to be \$27,100.

According to the actuary, the financial reporting and the actuarial and historical data for this plan satisfies the reporting requirements of Government Accounting Standards Board (GASB), 5, 25 and 27.

NOTE 6 – COLLECTIVE BARGAINING AGREEMENT:

The following collective bargaining agreements were in effect during the year ended December 31, 2013:

	Contract <u>Inception</u>	Contract <u>Expiration</u>
Police	January 1, 2010	December 31, 2013

All non-uniform employees are covered by policies and procedures as set forth in the employee handbook dated March 1, 2008.

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

From time to time, the Borough is named as a defendant in lawsuits. No provision has been provided for in these financial statements for any future losses that may result from these lawsuits. It is the opinion of management and supported by legal counsel, that the impact of these lawsuits will not have a material adverse effect on the financial position of the Borough.

Borough of Honesdale
Notes to Financial Statements
December 31, 2013

NOTE 8 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

Governmental Accounting Standards Board (“GASB”) Statement No. 34 Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments (“Statement 34”) was issued in 1999. Statement 34 establishes accounting and financial reporting standards for general purpose external financial reporting by state and local governments as well as specific standards for basic financial statements, management’s discussion and analysis, and certain other required supplementary information. The borough has not implemented this pronouncement.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to the balance sheet date of December 31, 2013 through May 28, 2014, which is the date these financial statements were available and issued, and has determined the following to require disclosure under FASB Accounting Standards Codification Topic – Subsequent Events.