

Annual Audit and Financial Report

City of _____ , _____ County

Borough of Honesdale , Wayne County

Township of _____ , _____ County

Municipality of _____ , _____ County

for the year
2003

Balance Sheet December 31st, 2002

Assets and Other Debits		Governmental Funds			
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>	<i>Debt Service</i>
100-120	Cash and Investments	\$ 32,651	\$ 63,451		\$ 10,092
140-144	Tax Receivable				
121-147	Accounts Receivable (excluding taxes)				
148-159	Other Current Assets				
160-169	Fixed Assets				
180-199	Other Debits				
Total Assets and Other Debits		\$ 32,651	\$ 63,451	\$ -	\$ 10,092

Liabilities and Other Credits					
210-229	Payroll Taxes & Other Payroll Withholdings				
200-259	All Other Current Liabilities	30,000			
260-269	Long Term Liabilities				
	Other Credits				
Total Liabilities		\$ 30,000	\$ -	\$ -	\$ -

Fund and Account Group Equity					
281-284	Contributed Capital				
-290	Investment in General Fixed Assets				
271-289	Fund Balances/Retained Earnings 12/31	\$ 2,651	\$ 63,451		10,092
Total Fund and Account Group Equity		\$ 2,651	\$ 63,451	\$ -	\$ 10,092

Balance Sheet December 31st, 2002

Proprietary Funds		Fiduciary Funds	Account Groups		Total
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>General Fixed Assets</i>	<i>Gen. Long Term Debt</i>	<i>Memorandum Only</i>
\$ 621,386		\$ 2,455,768			\$ 3,183,348
					-
					-
1,436,591			1,516,901		2,953,492
				43,516	43,516
\$ 2,057,977	\$ -	\$ 2,455,768	\$ 1,516,901	\$ 43,516	\$ 6,180,356

TOTAL ASSETS	\$ 6,180,356
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					\$ -
		13,325			43,325
717,553				43,516	761,069
					-
\$ 717,553	\$ -	\$ 13,325	\$ -	\$ 43,516	\$ 804,394

TOTAL LIABILITIES	\$ 804,394
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					-
-		-	1,516,901		1,516,901
1,340,424		2,442,443			3,859,061
\$ 1,340,424	\$ -	\$ 2,442,443	\$ 1,516,901	\$ -	\$ 5,375,962

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	\$ 6,180,356
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Statement of Revenues and Expenditures

REVENUES		Governmental Funds		
<i>Taxes</i>		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>
301.00	Real Estate Taxes	\$ 597,913	\$ 6,503	
305.00	Occupation Taxes/Levied Under Municipal Code			
308.00	Residence Taxes/Levied By Cities of the 3rd Class			
310.00	Per Capita Taxes	13,174		
310.10	Real Estate Transfer Taxes	70,987		
310.20	Earned Income Taxes/Wage Taxes			
310.30	Mercantile Taxes			
310.40	Occupation Taxes/Act 511			
310.50	Occupation Privilege Taxes	45,290		
310.60	Admission Taxes			
310.70	Mechanical Device Taxes			
310.80	Business Privilege Taxes			
310.90	Other Local Tax Enabling Act/Act 511/Taxes (Please list)			
Total Taxes		\$ 727,364	\$ 6,503	\$ -

Licenses and Permits				
320.00	All Other Licenses and Permits	\$ 5,144		
321.80	Cable Television Franchise Fees			
Total Licenses and Permits		\$ 5,144	\$ -	\$ -

Fines and Forfeits				
330.00	Fines and Forfeits	\$ 74,721		

Interest, Rents, and Royalties				
341.00	Interest Earning	\$ 1,065	\$ 2,084	
342.00	Rents and Royalties			
Total Interest, Rents and Royalties		\$ 1,065	\$ 2,084	\$ -

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Debt Service</i>	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>
\$ 130,068				\$ 734,484
				-
				-
				13,174
				70,987
				-
				-
				-
				45,290
				-
				-
				-
				-
				-
				-
				-
\$ 130,068	\$ -	\$ -	\$ -	\$ 863,935

				5,144
				-
\$ -	\$ -	\$ -	\$ -	\$ 5,144

				\$ 74,721
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\$ 402	\$ 5,807		\$ 52,548	\$ 61,906
				-
\$ 402	\$ 5,807	\$ -	\$ 52,548	\$ 61,906

Statement of Revenues and Expenditures

INTERGOVERNMENTAL REVENUES		Governmental Funds		
Federal		General Fund	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>
351.03	Highways and Streets			
351.09	Community Development			
351.99	All Other Federal Grants		68,750	
352.08	National Forest Products			
352.99	All Other Federal Shared Revenue and Entitlements			
353.00	Federal Payments in Lieu of Taxes			
Total Federal		\$ -	\$ 68,750	\$ -

State				
354.03	Highways and Streets			
354.09	Community Development			
355.01	Public Utility Realty Tax	1,507		
355.02	Motor Vehicle Fuel Tax		\$ 82,862	
355.06	General Municipal Pension System State Aid		45,921	
355.08	Alcoholic Beverage Taxes/Beverage Licenses	1,400		
355.09	Recycling/Act 101	11,012		
355.99	All Other Shared Revenues and Entitlements		9,416	
356.00	State Payments in Lieu of Taxes			
Total State		\$ 13,919	\$ 138,199	\$ -

Local Governmental Units				
357.03	Highways and Streets			
357.99	All Other Local Governmental Unit Grants	1,600		
359.00	Local Government Unit Payments in Lieu of Taxes	2,500		
Total Local Government Units		\$ 4,100	\$ -	\$ -

Charges for Service				
361.00	General Government	\$ 2,702		
362.00	Public Safety	36,282		
363.20	Parking/Parking Meters, Permits	76,889		
363.99	All Other Charges for Highway & Streets Services	10,099		
364.10	Wastewater/Sewage			
364.30	Solid Waste Collection/Trash			
364.60	Host Municipality Fee for Solid Waste Facility			
364.99	Other Charges for Sanitation Services			
365.00	Health			
367.00	Culture and Recreation	24,018		
378.00	Water System			
379.00	Other Charges for Service			
Total Charges for Service		\$ 149,990	\$ -	\$ -

Statement of Revenues and Expenditures

<i>Debt Service</i>	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>
				\$ -
	7,328			-
				76,078
				-
				-
				-
\$ -	\$ 7,328	\$ -	\$ -	\$ 76,078

				\$ -
				-
				1,507
				82,862
			45,921	91,842
				1,400
				11,012
				9,416
				-
\$ -	\$ -	\$ -	\$ 45,921	\$ 198,039

				\$ -
				1,600
				2,500
\$ -	\$ -	\$ -	\$ -	\$ 4,100

Total Intergovernmental Revenues	\$ 278,217
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				\$ 2,702
				36,282
				76,889
				10,099
	1,034,813			1,034,813
				-
				-
				-
				-
				24,018
				-
				-
\$ -	\$ 1,034,813	\$ -	\$ -	\$ 1,184,803

Statement of Revenues and Expenditures

Miscellaneous Revenues		Governmental Funds		
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>
383.00	Special Assessments			
387.00	Contributions and Donations from Private Sectors	13,750	21,120	
389.00	All Other Miscellaneous Revenues	\$ 2,000		
Total Miscellaneous Revenues		\$ 15,750	\$ 21,120	\$ -

Other Financing Sources				
391.00	Proceeds of General Fixed Asset Distribution	\$ 400		
392.00	Interfund Operating Transfers	353,156		
393.00	Proceeds of General Long Term Debt			
394.00	Proceeds of Tax and Revenue Anticipation Notes	\$ 250,000		
395.00	Refunds of Prior Year Expenditures			
Total Other Financing Sources		\$ 603,556	\$ -	\$ -

TOTAL REVENUES	\$ 1,595,609	\$ 236,656	
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EXPENDITURES				
General Government				
400.00	Legislative/Governing Body	\$ 13,482		
401.00	Executive/ Manager or Mayor			
402.00	Professional Services and Dues			
403.00	Tax Collection	16,916		
404.00	Solicitor/Legal Services	43,900		
405.00	Secretary/Clerk	83,388		
406.00	Other General Government Administration			
408.00	Engineering Services			
409.00	General Government Buildings and Plant	9,186		
Total General Government		\$ 166,872	\$ -	\$ -

Statement of Revenues and Expenditures

<i>Debt Service</i>	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>
				\$ -
				34,870
	1,900		288,330	292,230
\$ -	\$ 1,900	\$ -	\$ 288,330	\$ 327,100

				\$ 400
				353,156
				-
				250,000
				-
\$ -	\$ -	\$ -	\$ -	\$ 603,556

\$ 130,470	\$ 1,049,848	\$ -	\$ 386,799	\$ 3,399,382
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				\$ 13,482
				-
				-
				16,916
				43,900
				83,388
				-
				-
				9,186
\$ -	\$ -	\$ -	\$ -	\$ 166,872

Statement of Revenues and Expenditures

Public Safety		Governmental Funds		
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>
410.00	Police	\$ 627,186	\$ 117	
411.00	Fires	47,251		
412.00	Ambulance/Rescue	1,689		
413.00	Protective Inspection			
414.00	Planning and Zoning	25,807		
415.00	Emergency Management			
419.00	Other Public Safety		4,705	
Total Public Safety		\$ 701,933	\$ 4,822	\$ -

Health and Human Services				
420.00	Health and Human Services			

Public Works - Sanitation				
426.00	Recycling Collection and Disposal	\$ 16,621		
427.00	Solid Waste Collection and Disposal			
429.00	Wastewater/Sewage Collection and Treatment			
Total Public Works - Sanitation		\$ 16,621	\$ -	\$ -

Public Works - Highways and Streets				
430.00	General Services	\$ 253,247	\$ 32,825	
431.00	Cleaning of Streets			
432.00	Snow and Ice Removal		15,929	
433.00	Traffic Signals, Signs	5,230		
434.00	Street Lighting	50,494		
435.00	Sidewalks and Crosswalks			
436.00	Storm Sewers and Drains			
437.00	Repairs of Tools and Machinery	37,525		
438.00	Road and Bridge Maintenance		4,002	
439.00	Construction and Rebuilding Projects		63,796	
Total Public Works - Highways and Streets		\$ 346,496	\$ 116,552	\$ -

Statement of Revenues and Expenditures

<i>Debt Service</i>	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>
				\$ 627,303
				47,251
				1,689
				-
				25,807
				-
				4,705
\$ -	\$ -	\$ -	\$ -	\$ 706,755

			\$ -
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			\$ 16,621
	471,607		471,607
	58,665		58,665
\$ -	\$ 530,272	\$ -	\$ 546,893

			\$ 286,072
			-
			15,929
			5,230
			50,494
			-
			-
			37,525
			4,002
			63,796
\$ -	\$ -	\$ -	\$ 463,048

Statement of Revenues and Expenditures

Other Public Works Enterprises		Governmental Funds		
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>
440.00	Airports			
441.00	Cemeteries			
442.00	Electric System			
443.00	Gas System			
444.00	Markets			
445.00	Parking Facilities	15,443		
446.00	Storm Water and Flood Control			
447.00	Transit System			
448.00	Water System			
449.00	Water Transport and Terminals			
	Other Public Work and Enterprises			
Total Other Public Works Enterprises		\$ 15,443	\$ -	\$ -

Culture and Recreation				
451.00	Recreation	\$ 50,684		
454.00	Parks	24,651		
455.00	Shade Trees			
456.00	Libraries			
458.00	Senior Citizen Centers			
459.00	Other Culture and Recreation	700		
Total Culture and Recreation		\$ 76,035	\$ -	\$ -

Community Development				
461.00	Conservation of Natural Resources			
462.00	Community Development and Housing			
465.00	Economic Development and Assistance			
466.00	Economic Opportunity			
468.00	Other Community Development			
Total Community Development		\$ -	\$ -	\$ -

Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Debt Service</i>	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>
				Memorandum Only
				\$ -
				-
				-
				-
				-
				15,443
				-
				-
				-
				-
\$	-	\$	-	\$
				15,443

				\$	50,684
					24,651
					-
					-
					-
					700
\$	-	\$	-	\$	-
				\$	76,035

				\$	-
					-
					-
					-
					-
\$	-	\$	-	\$	-
				\$	-

Statement of Revenues and Expenditures

Debt Service		Governmental Funds		
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects
471.00	Debt Principal			
472.00	Debt Interest			
473.00	Tax Anticipation Note/Principal	\$ 250,000		
474.00	Tax Anticipation Note/Interest	1,708		
475.00	Fiscal Agent Fees			
Total Debt Service		\$ 251,708	\$ -	\$ -

Miscellaneous Expenditures				
481.00	Intergovernmental expenditures			
482.00	Judgements and Losses	13,445		
483.00	Pension/Retirement Fund Contributions		52,635	
484.00	Workers Compensation			
485.00	Unemployment Compensation			
486.00	Insurance Premiums	25,423		
487.00	Employee Benefits Not Allocated to Specific Functions			
489.00	Other Miscellaneous Expenditures	451	1	
Total Miscellaneous Expenditures		\$ 39,319	\$ 52,636	\$ -

Other Financing Uses				
491.00	Refund of Prior Year Revenues			
492.00	Interfund Operating Transfers		77,156	
493.00	Other Financing Uses			
Total Other Financing Uses		\$ -	\$ 77,156	\$ -

TOTAL EXPENDITURES	\$ 1,614,427	\$ 251,166	
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ (18,818)	\$ (14,510)	
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Statement of Revenues and Expenditures

	Proprietary Funds		Fiduciary Fund Type	Total
	<i>Debt Service</i>	<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>
\$ 38,092				\$ 38,092
3,157	36,410			39,567
				250,000
				1,708
				-
\$ 41,249	\$ 36,410	\$ -	\$ -	\$ 329,367

				\$ -
				13,445
				52,635
				-
				-
				25,423
				-
			\$ 14,700	15,152
\$ -	\$ -	\$ -	\$ 14,700	\$ 106,655

				\$ -
90,000	186,000			353,156
			\$ 98,863	98,863
\$ 90,000	\$ 186,000	\$ -	\$ 98,863	\$ 452,019

\$ 131,249	\$ 752,682		\$ 113,563	\$ 2,863,087
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\$ (779)	\$ 297,166		\$ 273,236	\$ 536,295
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DEBT STATEMENT

List Each Issue or Loan	Year of Issue	Original Amount of Issue	Outstanding January 1 st or Issued During Year	Principal Paid During Year	Principal Outstanding December 31 st
General Obligations Bonds and Notes					
General Obligation Note	1995	\$ 325,000	\$ 81,587	\$ 38,071	\$ 43,516
General Obligation Note	2002	300,000	277,728	55,421	222,307
Revenue Bonds and Notes					
Lease Rental Debt					
Tax and Revenue Anticipation Notes					
Tax anticipation note	2003	250,000	250,000	220,000	30,000
Other					
Pennvest Loan	1992	1,996,917	647,050	151,804	495,246
Lease/purchase agreement	2000	32,683	5,129	5,129	-

TOTAL DEBT AND REVENUE ANTICIPATION NOTES	\$ 791,069
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INDEPENDENT AUDITORS' REPORT

To the Borough Council
Of the Borough of Honesdale:

We have audited the accompanying Annual Audit and Financial Report, DCED- CLGS-30 (the "Report") of the Borough of Honesdale (the "Borough") as of and for the year ended December 31, 2003. This Report is the responsibility of the Borough's management. Our responsibility is to express an opinion on the Report 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 Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the Report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Report presentation. We believe that our audit provides a reasonable basis for our opinion.

This Report was prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Borough's Report does not include related notes and disclosures. In our opinion, disclosure of this information is required to conform with the modified cash basis of accounting.

The Borough has stated general fixed assets at values other than cost, which is a departure from the modified cash basis of accounting. The effect of stating general fixed assets at values other than cost or estimated cost is not known.

In our opinion, except for the effects of not stating general fixed assets at cost or estimated cost and the omission of the related notes and disclosures, the Report referred to above presents fairly, in all material respects, the cash and unencumbered cash balances of the Borough of Honesdale, as of December 31, 2003, and the revenues it received and expenditures it paid for the year then ended, in conformity with the modified cash basis of accounting.

This report is intended solely for the information and use of the governing body and management of the Borough and for filing with the Commonwealth of Pennsylvania, Department of Community and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

Parente Randolph, LLC

Honesdale, Pennsylvania
February 19, 2004