

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2002

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

DECEMBER 31, 2002

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## INDEPENDENT AUDITOR'S REPORT

Mayor and Members of Council  
Borough of Columbia  
Columbia, Pennsylvania

We have audited the accompanying general purpose financial statements of the Borough of Columbia, as of December 31, 2002, and for the year then ended. These general purpose financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the general purpose financial statements do not include the Columbia Municipal Authority. Also, the general purpose financial statements do not include the General Fixed Asset Account group. The amounts that should be recorded in the general fixed asset account group are not known.

In our opinion, except for the conditions described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Borough of Columbia, as of December 31, 2002, and the results of its operations and the cash flows of its nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Borough of Columbia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Columbia, Pennsylvania  
March 12, 2003

*Sager, Swisher and Company LLP*

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002

	Governmental Fund Types			Fiduciary Funds	Account Group
	General	Special Revenue	Capital Projects	Trust Funds	General Long-Term Debt
<b>ASSETS AND OTHER DEBITS</b>					
Cash and Cash Equivalents					
Investments	--	--	--	\$ 45,604	\$ --
Taxes Receivable - Net	222,687	--	--	3,306,838	--
Accounts Receivable	89,251	--	--	--	--
Due from Other Funds	--	75,305	178,870	--	--
Due from Other Governments	256,590	--	--	11,414	--
Amount to be Provided for:				--	--
Retirement of General Long-Term Debt	--	--	--	--	--
Compensated Absences	--	--	--	--	80,897
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$2,647,834</b>	<b>\$ 75,305</b>	<b>\$178,870</b>	<b>\$3,363,856</b>	<b>\$ 80,897</b>

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002

	Governmental Fund Types			Fiduciary Funds	Account Group
	General	Special Revenue	Capital Projects	Trust Funds	General Long-Term Debt
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 71,272	\$ 2,381	\$ 11,547	\$ 2,000	\$ -
Accrued Salaries and Wages	42,740	-	-	-	-
Accrued and Withheld Payroll Taxes	6,238	-	-	-	-
Due to Other Funds	265,589	-	-	-	-
Due to Other Governments	1,191,766	-	-	-	-
Deferred Revenue – Taxes	184,493	-	-	-	-
Deferred Revenue – Grants	28,500	35	-	-	-
Deposits and Escrows	66,275	-	-	-	-
General Obligation Notes Payable	-	-	-	-	-
Accrued Compensated Absences	-	-	-	-	80,897
<b>TOTAL LIABILITIES</b>	<b>1,856,873</b>	<b>2,416</b>	<b>11,547</b>	<b>2,000</b>	<b>80,897</b>
<b>FUND EQUITY AND OTHER CREDITS</b>					
Reserved for Employees' Retirement System	--	--	--	3,264,793	-
Reserved for Other Projects	--	--	--	97,063	-
Unreserved Fund Balances	783,777	72,889	167,323	--	-
Unreserved Fund Balance – Designated	7,184	--	--	--	-
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>790,961</b>	<b>72,889</b>	<b>167,323</b>	<b>3,361,856</b>	<b>--</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$2,647,834</b>	<b>\$ 75,305</b>	<b>\$178,870</b>	<b>\$3,363,856</b>	<b>\$ 80,897</b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<b>REVENUES</b>				
<b>LOCAL SOURCES</b>				
Real Estate Taxes and Penalties	\$ 1,644,487	\$ --	\$ --	\$ --
Other Taxes	867,182	--	--	--
Licenses and Permits	93,252	--	--	--
Fines and Forfeits	162,604	--	--	--
Interest, Rents, and Royalties	18,712	2,105	4,119	281
Intergovernmental Revenues	97,029	--	--	--
Charges for Services	320,691	--	--	--
Miscellaneous Revenue	1,255	--	--	--
Refund of Prior Year Expenditures	2,497	8,177	--	--
Damage to Property	999	--	--	--
Contributions from Private Sources	47,559	--	11,833	15,702
<b>TOTAL LOCAL REVENUES</b>	<b>3,256,267</b>	<b>10,282</b>	<b>15,952</b>	<b>15,983</b>
<b>STATE SOURCES</b>	<b>209,336</b>	<b>144,381</b>	<b>10,000</b>	<b>--</b>
<b>FEDERAL SOURCES</b>	<b>--</b>	<b>23,972</b>	<b>--</b>	<b>--</b>
<b>TOTAL REVENUES</b>	<b>3,465,603</b>	<b>178,635</b>	<b>25,952</b>	<b>15,983</b>
<b>OTHER FINANCING SOURCES</b>				
Sale of General Fixed Asset	566	--	756	--
Interfund Transfers	--	1,479	90,000	--
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>566</b>	<b>1,479</b>	<b>90,756</b>	<b>--</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>3,466,169</b>	<b>180,114</b>	<b>116,708</b>	<b>15,983</b>
<b>EXPENDITURES</b>				
General Government	516,565	--	8,472	--
Public Safety	1,385,617	25,940	66,705	--
Highways and Streets	373,098	184,262	229,466	--
Other Public Works and Enterprises	1,971	--	23,104	--
Culture and Recreation	63,855	--	--	10,645
Debt Service	502,265	--	--	--
Miscellaneous Expenditures	645,865	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>3,489,236</b>	<b>210,202</b>	<b>327,747</b>	<b>10,645</b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b><u>OTHER FINANCING USES</u></b>				
Interfund Transfers	<u>91,479</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL OTHER FINANCING USES</b>	<b><u>91,479</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>--</u></b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>3,580,715</u></b>	<b><u>210,202</u></b>	<b><u>327,747</u></b>	<b><u>10,645</u></b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCIAL USES	(114,546)	(30,088)	(211,039)	5,338
FUND BALANCES – JANUARY 1, 2002	869,598	102,977	378,362	6,806*
PRIOR PERIOD ADJUSTMENT	<u>35,909</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES – DECEMBER 31, 2002	<u>\$ 790,961</u>	<u>\$ 72,889</u>	<u>\$167,323</u>	<u>\$ 12,144</u>

\*The fund balance of \$142,025 for the IRS Section 457 deferred compensation plan has been eliminated in accordance with GASB Statement No. 32. As a result of administrative changes in the plan, the Borough is no longer considered to be holding the plan's assets.

See the notes to financial statements and the independent auditor's report.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund	Special Revenue Fund			Capital Projects Fund				
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
<b>REVENUES</b>									
LOCAL SOURCES									
Real Estate Taxes and Penalties	\$ 1,551,485	\$ 1,644,487	\$ 93,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	763,100	867,182	104,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	81,200	93,252	12,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and Forfeits	158,000	162,604	4,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, Rents, and Royalties	30,350	18,712	(11,638)	7,000	2,105	(4,895)	5,000	4,119	(881)
Intergovernmental Revenues	175,000	97,029	(77,971)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	341,100	320,691	(20,409)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	2,000	1,255	(745)	\$ -	8,177	8,177	\$ -	\$ -	\$ -
Refund of Prior Year Expenditures	--	2,497	2,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Damage to Property	--	999	999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions from Private Sources	34,000	47,559	13,559	\$ -	\$ -	\$ -	\$ -	11,833	11,833
<b>TOTAL LOCAL REVENUES</b>	<b>3,136,235</b>	<b>3,256,267</b>	<b>120,032</b>	<b>\$ 7,000</b>	<b>10,282</b>	<b>3,282</b>	<b>5,000</b>	<b>15,952</b>	<b>10,952</b>
STATE SOURCES	148,110	209,336	61,226	143,951	144,381	430	\$ -	10,000	10,000
FEDERAL SOURCES	--	--	--	24,872	23,972	(900)	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<b>3,284,345</b>	<b>3,465,603</b>	<b>181,258</b>	<b>175,823</b>	<b>178,635</b>	<b>2,812</b>	<b>5,000</b>	<b>25,952</b>	<b>20,952</b>
<b>OTHER FINANCING SOURCES</b>									
Sale of General Fixed Assets	--	566	566	\$ -	\$ -	\$ -	2,000	\$ -	(2,000)
Interfund Transfers	--	--	--	2,379	1,479	(900)	90,000	90,756	756
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>--</b>	<b>566</b>	<b>566</b>	<b>2,379</b>	<b>1,479</b>	<b>(900)</b>	<b>92,000</b>	<b>90,756</b>	<b>(1,244)</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>3,284,345</b>	<b>3,466,169</b>	<b>181,824</b>	<b>178,202</b>	<b>180,114</b>	<b>1,912</b>	<b>97,000</b>	<b>116,708</b>	<b>19,708</b>

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund		Special Revenue Fund		Capital Projects Fund				
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>									
General Government	546,862	516,565	30,297	—	25,940	—	11,000	8,472	2,528
Public Safety	1,581,816	1,385,617	196,199	27,251	—	1,311	86,000	66,705	19,295
Highways and Streets	511,536	373,098	138,438	246,000	184,262	61,738	312,675	229,466	83,209
Other Public Works and Enterprises	3,950	1,971	1,979	—	—	—	50,000	23,104	—
Culture and Recreation	79,284	63,855	15,429	—	—	—	—	—	26,896
Debt Service	503,600	502,265	1,335	—	—	—	—	—	—
Miscellaneous Expenditures	688,877	645,865	43,012	—	—	—	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>3,915,925</b>	<b>3,489,236</b>	<b>426,689</b>	<b>273,251</b>	<b>210,202</b>	<b>63,049</b>	<b>459,675</b>	<b>327,747</b>	<b>131,928</b>
<b>OTHER FINANCING USES</b>									
Interfund Transfers	91,479	91,479	—	—	—	—	—	—	—
<b>TOTAL OTHER FINANCING USES</b>	<b>91,479</b>	<b>91,479</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,007,404</b>	<b>3,580,715</b>	<b>426,689</b>	<b>273,251</b>	<b>210,202</b>	<b>63,049</b>	<b>459,675</b>	<b>327,747</b>	<b>131,928</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>									
(FUND BALANCES - JANUARY 1, 2002)	(723,059)	(114,546)	608,513	(95,049)	(30,088)	64,961	(362,675)	(211,039)	151,636
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>—</b>	<b>—</b>	<b>35,909</b>	<b>35,909</b>	<b>—</b>	<b>—</b>	<b>378,362</b>	<b>378,362</b>	<b>—</b>
<b>FUND BALANCES - DECEMBER 31, 2002</b>	<b>\$ 146,539</b>	<b>\$ 790,961</b>	<b>\$ 644,422</b>	<b>\$ 7,928</b>	<b>\$ 72,889</b>	<b>\$ 64,961</b>	<b>\$ 15,687</b>	<b>\$ 167,323</b>	<b>\$ 151,636</b>

See the notes to financial statements and the independent auditor's report.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE –  
ALL PENSION TRUST FUNDS AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Pension Trust	Nonexpendable Trust
<b><u>OPERATING REVENUES</u></b>		
State Contributions	\$ 165,778	\$ --
Municipal Contributions	27,491	--
Investment Income	--	1,625
Employee Contributions	45,858	--
Demutualization Compensation	<u>31,514</u>	<u>--</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>270,641</u></b>	<b><u>1,625</u></b>
<b><u>OPERATING EXPENSES</u></b>		
Distributions and Benefit Payments	168,170	--
Utilities	--	2,000
Miscellaneous Expenses	12,992	460
Decrease in Market Value	<u>80,931</u>	<u>9,765</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>262,093</u></b>	<b><u>12,225</u></b>
<b>NET INCOME (LOSS)</b>	<b>8,548</b>	<b>(10,600)</b>
<b>FUND BALANCES – JANUARY 1, 2002</b>	<b>3,292,154</b>	<b>95,519</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b><u>(35,909)</u></b>	<b><u>--</u></b>
<b>FUND BALANCES – DECEMBER 31, 2002</b>	<b><u>\$3,264,793</u></b>	<b><u>\$ 84,919</u></b>

See the notes to financial statements and the independent auditor's report.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

STATEMENT OF CASH FLOWS  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Nonexpended Trust
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Net Income (Loss)	\$(10,600)
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(200)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(10,800)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Sales/(Purchases) of Marketable Securities – Net	23,568
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,768
CASH AND CASH EQUIVALENTS AT JANUARY 1, 2002	24,541
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2002	<u>\$ 37,309</u>

See the notes to financial statements and the independent auditor's report.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Columbia have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

The Governmental Accounting Standards Board Statement No. 14 "The Financial Reporting Entity", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Borough as a reporting entity, management has addressed all potential component units which may or may not fall within the Borough's financial accountability. Component units should be included as part of the Borough's reporting entity because of the significance of their operational or financial relationships with the Borough.

Based on the GASB Statement No. 14 criteria, the following is a component unit of the Borough:

Columbia Municipal Authority – The Authority was created to finance, construct and maintain adequate sewage treatment facilities for the Borough of Columbia. On January 1, 2001, the Authority converted to an operating Authority. The Borough appoints members to the Municipal Authority and the Authority provides services primarily for the benefit of the Borough. Complete financial statements of the Authority are available at the office of the Borough.

This report includes all of the funds, account groups, and component units of the Borough of Columbia with the exception of the General Fixed Assets Account Group and the Columbia Municipal Authority. The Columbia Municipal Authority is further described in Note 7.

B. Fund Accounting

The accounts of the Borough are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which 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 to be spent. Account groups are used to establish accounting control and accountability for General Fixed Assets and General Long-Term Debt.

There are two major fund types and one account group presented in this report as follows:

Governmental Fund Types

General Fund – The principal operating fund of the Borough used to account for all financial resources except those required to be in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. This fund includes the Motor License Fund and the Police Grant Fund.

Capital Projects Fund – used to account for financial resources related to general fixed asset acquisitions, construction and improvements. This fund includes the Capital Improvement Fund.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Fund Types – These are the funds that account for the assets held by the Borough as a trustee or agent for individuals, private organizations and/or governmental units. The funds included in this category are:

Trust Funds – used to account for assets held by the Borough as agent for others. These funds include the Nonuniform Pension Fund, the Police Pension Fund, the Tree Commission Fund (expendable trust fund) and the William F. Lockard Trust Fund (nonexpendable trust fund).

Account Groups – These are groups of accounts that are designed to provide control over general fixed assets and the outstanding principal of long-term debt obligations of the Borough.

General Fixed Assets Account Group – used to record the investment of the Borough in real and personal property. The Borough does not maintain a record of its general fixed assets in a separate General Fixed Assets Account Group.

Long-Term Debt Account Group – used to record the outstanding principal balances of general obligation notes, compensated absences and other long-term debt.

C. Measurement Focus

The governmental funds and expendable trust funds of the Borough are accounted for on the flow of current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the governmental and expendable trust fund balance sheets, and the fund balances reflect spendable or appropriable resources. The operating statements for the governmental funds and expendable trust funds reflect increases and decreases in the flow of current financial resources through revenues and expenditures.

The pension trust funds and nonexpendable trust fund use the flow of economic resources measurement focus. Accordingly, all assets and liabilities are included on the balance sheet, and the fund equity reflects the economic net worth of the funds. The operating statements reflect the change in total economic net worth for the year through the revenues and expenses of the funds.

The account group is not a fund. It is designed to measure only the financial position of the account and does not provide results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of measurement focus.

The modified accrual basis of accounting is followed for the governmental fund types and expendable trust funds. Under this method of accounting, revenues are recognized when received except for revenues subject to accrual which are recorded as receivable when measurable and available to finance current period expenditures. Such revenue items include real estate and other taxes. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for principal and interest on long-term debt, which are recognized when paid.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue from federal, state and other grants designated for payment of specific Borough expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenue until earned.

The pension trust and nonexpendable trust funds utilize the accrual basis of accounting in which revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized at the time they are incurred. The Nonexpendable Trust Fund does not apply standards issued by the Financial Accounting Standards Board after November 30, 1989.

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund, all Special Revenue Funds and the Capital Projects Fund on a modified accrual basis of accounting.

Appropriations lapse at the end of the year. In order to preserve a portion of an appropriation for which an expenditure has been committed by purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported as reservations of fund balances. As of December 31, 2002, the Borough had no encumbrances.

The Borough Council may make new appropriations, supplementary appropriations and transfers from one appropriation to another during the fiscal year, provided it is within the current year's revenues or from funds made available from additional borrowings.

F. Amount to be Provided for Retirement of General Long-Term Debt

Represents the amount to be provided from future taxes or other general revenues to retire long-term debt.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, short-term highly liquid investments with original maturities of three months or less.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

In addition to the investments authorized for Governmental Funds, Fiduciary Fund investments may also be made in a variety of investments consistent with sound business practice.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The cash and cash equivalents are stated at fair value. The deposits and investments of the Fiduciary Funds are administered by trustees and are held separately from those of other Borough funds.

Cash and Cash Equivalents

At December 31, 2002, the cash and cash equivalents of the Borough can be categorized to indicate the level of risk assumed by the Borough. Category 1 includes bank balances that are insured or collateralized with securities held by the Borough or its agent in the Borough's name. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the Borough's name. Category 3 includes bank balances collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Borough's name. Mutual funds and pools with mutual fund characteristics are not reported by risk category in accordance with Government Accounting Standards Board Statement #3.

	Carrying Amounts	Bank Balances	Category	1	2	3
Demand Deposits	\$1,120,862	\$1,146,842	\$221,569	\$ --	\$ 925,273	
Repurchase Agreements	969,726	969,726	---	---	969,726	
			<u>\$221,569</u>	<u>\$ --</u>	<u>\$1,894,999</u>	
Cash on Hand	3,104	--				
Merrill Lynch CMA Fund	<u>31,218</u>	<u>31,218</u>				
	<u>\$2,124,910</u>	<u>\$2,147,786</u>				

Investments

The Borough of Columbia investments are in accordance with the provisions of the Borough's Policy. The Borough's investments are categorized as either (1) insured or registered, for which securities are held by the Borough or its agent in the Borough's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Borough's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Borough's name.

In accordance with GASB Statement 31, the Borough's investments at December 31, 2002 are stated at fair value. Such investments are separately identified. The Borough's investments at December 31, 2002 are as follows:

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Investments (Continued)**

William F. Lockard Trust Fund	Category			Market Value
	1	2	3	
Mutual Funds	\$ --	\$ --	\$ 49,610	\$ 49,610
<b><u>Shade Tree Commission</u></b>				
Certificates of Deposit	--	--	3,849	3,849
<b><u>Police Pension Fund</u></b>				
Principal Financial				
Equity Securities	--	--	1,150,813	1,150,813
Fixed Income	--	--	1,414,090	1,414,090
Real Estate	--	--	307,054	307,054
<b><u>Nonuniform Pension Fund</u></b>				
Prudential Investments				
Equity Securities	--	--	232,650	232,650
Fixed Income	--	--	148,772	148,772
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,306,838</u>	<u>\$ 3,306,838</u>

**NOTE 3 – DELINQUENT AND UNPAID TAXES RECEIVABLE AND DEFERRED REVENUE**

Based upon assessments provided by the County, the Borough's elected tax collector bills and collects the property taxes. The Borough tax rate for the year ended December 31, 2002 was 5.40 mills (\$5.40 per \$1,000 of assessed valuation) as levied by the Borough Council. The schedule for real estate levied for the year is as follows:

Prior to April 30	- 2% Discount Period
May 1 – June 30	- Face Payment Period
July 1 – March 31	- 10% Penalty Period
April 1	- Lien Date

The Borough, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance deferred. The balances at December 31, 2002 are as follows:

	Net Taxes Receivable	Tax Revenue Recognized	Deferred Taxes
Real Estate	\$ 219,479	\$ 36,930	\$182,549
Interims	1,944	--	1,944
Occupation Tax	1,264	1,264	--
	<u>\$ 222,687</u>	<u>\$ 38,194</u>	<u>\$184,493</u>

BOROUGH OF COLUMBIA  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 4 – INTERFUND TRANSACTIONS

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances (reported in "Due From" asset accounts and "Due To" liability accounts) are considered "Available Spendable Resources". The individual fund receivable and payable balances at December 31, 2002 were as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ --	\$265,589
Special Revenue	75,305	--
Capital Projects Fund	178,870	--
Pension Trust Funds	<u>11,414</u>	<u>--</u>
	<u><b>\$265,589</b></u>	<u><b>\$265,589</b></u>

NOTE 5 – GENERAL LONG-TERM DEBT

On June 5, 1997, the Borough refinanced the general obligation note for renovations to Borough buildings with Farmers First Bank. The note was amortized over 10 years with interest at 5.453% per annum. Payments of principal and interest are made quarterly in the amount of \$25,580. The balance on the note was retired during the year. As a result, the General Long-Term Debt Account Group is comprised of only compensated absences at December 31, 2002.

Accrued compensated absences consist of accrued vacation/paid leave of \$80,794. The accrued vacation/paid leave is computed for all employees who had not used all of their allowable vacation time as of December 31, 2002. Vacation/paid leave is payable to all employees regardless of how their employment with the Borough is terminated. The accrued sick leave liability calculated at retirement was \$103. Accrued sick leave is calculated for the retirement liabilities as stated in the union contracts.

The annual changes in the General Long-Term Debt Account Group are as follows:

	Balance <u>December 31, 2001</u>	Increase <u>(Decrease)</u>	Balance <u>December 31, 2002</u>
General Obligation Notes Payable	\$ 480,881	\$(480,881)	\$ --
Accrued Compensated Absences	<u>77,706</u>	<u>3.191</u>	<u>80,897</u>
	<u><b>\$ 558,587</b></u>	<u><b>\$(477,690)</b></u>	<u><b>\$ 80,897</b></u>

BOROUGH OF COLUMBIA  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 6 – PENSION PLANS

POLICE PENSION PLAN

Plan Description

The Borough of Columbia currently has a single-employer defined benefit police pension plan for full-time police employees. The police pension plan was established by and enrolled in the Pennsylvania Municipal Ordinance Retirement Law, Act of February 1, 1974. P.L. 34. No. 15.

Eligibility Requirements and Benefits Descriptions

All full-time police employees of the Borough of Columbia are eligible to participate in the pension plan from the date of employment with the Borough's police force. A participant is eligible for normal retirement after attainment of age 50 and upon completion of 25 years of service. At December 31, 2002 there were seventeen employees covered by the plan and four retirees receiving retirement benefits.

The normal retirement pension is equal to 50% of the average monthly salary for the last 36 months of employment, plus a service increment equal to \$20 per month per year of service in excess of 25 years of service up to a maximum service increment of \$100 per month. The normal retirement pension is payable monthly during the participant's lifetime with payments continuing after the participant's death to the surviving spouse, provided the surviving spouse is not remarried, or to dependent children under the age of 18 at an amount equal to 50% of the amount payable to the participant at the time of the participant's death. If a participant is totally and permanently disabled in the line of duty, he is eligible for a disability pension equal to the benefit based on the normal retirement formula. If a participant is eligible for retirement or killed in service, a death benefit is payable to his surviving spouse or children under age 18 in an amount equal to 50% of the benefit the member would have been receiving had he been retired at the time of his death. A participant's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement and is equal to the benefit accrued to the date of termination.

Contributions and Funding Policy

The plan is funded through state allocations from the General Municipal Pension System State Aid Program, public contributions and through member contributions of 5% of compensation. Past member contributions are credited with 2.0% interest per annum.

"Contributions required" are estimates prepared by municipal officials. The estimated contributions may contain immaterial errors which will not affect the long-term funding of the plan. The minimum funding requirements are based on the results of the most recent actuarial valuation report updated to reflect changes in payroll and expenses. The annual required contribution of the plan, the annual pension cost contributed and the net pension obligation for the years ended December 31, 1997 through December 31, 2002 were as follows:

**BOROUGH OF COLUMBIA  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**NOTE 6 – PENSION PLANS (Continued)**

**Contributions and Funding Policy (Continued)**

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed By Employer</u>	<u>Others</u>	<u>Net Pension Obligation</u>
1997	\$ 139,616	100%	0%	--
1998	150,002	100%	0%	--
1999	135,292	100%	0%	--
2000	139,806	100%	0%	--
2001	151,059	100%	0%	--
2002	149,601	100%	0%	--

**Actuarial Valuation**

An actuarial study as of January 1, 2001 was completed by Conrad M. Siegel, Inc. on October 3, 2001. The actuarial cost method used was the entry age normal cost method. The following significant assumptions were used in the actuarial valuations as of January 1, 2001: (1) a 7% rate of return; (2) rates of turnover ranging from 5.5% at age 20 to 0% at age 60; (3) pre-retirement mortality life expectancies based on the UP 1984 table; (4) post-retirement mortality life expectancies based on the UP 1984 table, with 5 year age setback for females; no age setback for males; (5) loading of 3% added to basic pension costs for disability; (6) death benefit cost computed on the assumption that all participants will have spouses of the same age at the date of eligibility of the benefit; (7) projected salary increases of 5% per year; (8) normal retirement age; (9) provision for administrative expenses added to cost; (10) moderate inflation based on long-term historical average rate; (11) actuarial value of assets based on market value as determined by the trustee; and (12) level dollar closed amortization method for the unfunded actuarial accrued liability with a remaining amortization period of 8 years.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and estimated to be payable in the future as a result of employee service to date.

Historical trend information required to be disclosed, beginning as of January 1, 1995 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial (Liability) /Funding Excess (Deficit)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial (Liability) /Funding Excess (Deficit) as a Percentage of Payroll</u>
1-1-95	\$1,516,386	\$2,184,736	\$(668,350)	69.4%	\$650,877	102.7%
1-1-97	1,879,782	2,438,814	(559,032)	77.1%	660,867	84.6%
1-1-99	2,351,205	2,728,969	(377,764)	86.2%	601,567	62.8%
1-1-01	2,699,599	2,774,091	(74,492)	97.3%	799,895	9.3%

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 6 – PENSION PLANS (Continued)

NONUNIFORM PENSION PLAN

Effective January 1, 1982, the Borough adopted a defined contribution money purchase pension plan. All full-time employees, except police officers, are able to join the plan on January 1 or July 1 after completion of one month of service. Normal retirement is based on attainment of age 62 and completion of ten years of service. Upon entering the plan, participants are 100% vested. Upon retirement, the full balance in the participant's account is payable. The plan is funded through municipal contributions and through state allocations from the General Municipal Pension System State Aid Program.

In 1997, the Borough signed a contract with the Columbia Borough employees' union, which established the Borough's rate of contribution for employee compensation. For 2002, the Borough's rate of contribution was 6% for union employees and 7% for management.

The defined contribution money purchase plan invests in funds in variable annuity contracts and mutual funds with Prudential Investments. The mutual funds allow the participant of the plan to invest in a variety of mutual funds, depending on the investment objective and level of risk each participant wants to assume.

The contribution to the defined contribution money purchase plan to purchase annuities was calculated using the salary amount of \$690,961 and resulted in a contribution amount for 2002 of \$43,668.

DEFERRED COMPENSATION PLAN

On August 1, 1991, the Borough adopted a deferred compensation plan, in addition to the defined contribution money purchase plan. The deferred compensation plan qualifies under Section 457 of the Internal Revenue Code. Commencement of deferral of compensation for employees can begin immediately. Employees must notify the Borough of their election to defer compensation. Employee contributions to the deferred compensation plan are discretionary. There is no Borough contribution. Vesting is full and immediate.

The deferred compensation plan invests the funds in mutual funds with Prudential Investments. The mutual funds allow the participants of the plan to invest in a variety of mutual funds, depending on the investment objective and level of risk each participant wants to assume. The contracts also allow participants to purchase life insurance contracts. As of December 31, 2002, the cash surrender value of the life insurance contracts had not been determined, and was not included in the financial statements.

The total employee contributions to the deferred compensation plan for 2002 were \$23,719.

NOTE 7 – THE COLUMBIA MUNICIPAL AUTHORITY (A Component Unit)

The Columbia Municipal Authority was organized by the Borough of Columbia to acquire, construct, and provide financing for the sewage collection system and treatment facility in the Borough. The Borough appoints the five members of the Authority board and has issued general obligation debt on behalf of the Authority.

The Authority operates on a fiscal year ended December 31. Its financial statements are audited separately. The audited financial statements of the Authority are available at the office of the Borough of Columbia.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

**NOTE 7 – THE COLUMBIA MUNICIPAL AUTHORITY (A Component Unit) (Continued)**

On January 1, 2001, the Authority converted to an operating Authority from a financing Authority. The Authority will operate and maintain the sewage collection system and the treatment facility. The Authority also entered into an agreement with the Borough to provide personnel, management and administrative services for the operation of the wastewater system. The annual fee for these services was \$236,004 for the year ended December 31, 2002. Audit reports for the Authority are available at the Borough's offices in Columbia, Pennsylvania.

The Borough has also issued General Obligation Note, Series of 2001 on behalf of the Authority. The note was to provide funds to finance capital projects of the sewage treatment and transportation facilities. The note represents "conduit debt" of the Borough and is reflected on the financial statements of the Authority and not the Borough.

**NOTE 8 – CONTINGENT LIABILITIES**

**Litigation**

Several claims are asserted against the Borough. The outcome of these claims is not presently determinable.

**Grants**

The Borough participates in various federal and state funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Borough is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. The Borough's management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 9 – RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Borough has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2002 and the two previous fiscal years, no settlements exceeded insurance coverage.

**NOTE 10 – FUND BALANCE RESERVED FOR OTHER PROJECTS**

The reserved fund balance in the general fund is established for certain police activities.

The reserved fund balance in the fiduciary fund is restricted for Borough shade tree activities and to provide assistance for widows of railroad workers.

**NOTE 11 – PRIOR PERIOD ADJUSTMENTS**

The fund balance of the general fund was increased by \$35,909 to eliminate a prior year's liability to the nonuniform pension plan. The liability was deemed to be no longer binding by management. Accordingly, a corresponding adjustment was recorded to decrease the fund balance of the nonuniform pension fund by \$35,909.

**SUPPLEMENTARY INFORMATION**

**OF**

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**DECEMBER 31, 2002**

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
DECEMBER 31, 2002

	<u>Motor License Fund</u>	<u>Police Grant Fund</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS</b>			
Due from Other Funds	<u>\$ 75,195</u>	<u>\$ 110</u>	<u>\$ 75,305</u>
<b>TOTAL ASSETS</b>	<u>\$ 75,195</u>	<u>\$ 110</u>	<u>\$ 75,305</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	<u>\$ 2,381</u>	<u>\$ --</u>	<u>\$ 2,381</u>
Deferred Revenue – Grants	<u>--</u>	<u>35</u>	<u>35</u>
<b>TOTAL LIABILITIES</b>	<u>2,381</u>	<u>35</u>	<u>2,416</u>
<b>FUND BALANCES</b>			
Unreserved Fund Balance	<u>72,814</u>	<u>75</u>	<u>72,889</u>
<b>TOTAL FUND BALANCES</b>	<u>72,814</u>	<u>75</u>	<u>72,889</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 75,195</u>	<u>\$ 110</u>	<u>\$ 75,305</u>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Motor License Fund</u>	<u>Police Grant Fund</u>			<u>Total Special Revenue Funds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES</b>						
<b>LOCAL SOURCES</b>						
Interest	\$ 7,000	\$ 1,935	\$ --	\$ 170	\$ 7,000	\$ 2,105
Refund of Prior Years' Expenditures	_____-	8,177	_____-	_____-	_____-	8,177
<b>TOTAL LOCAL REVENUES</b>	<b>7,000</b>	<b>10,112</b>	<b>_____-</b>	<b>170</b>	<b>7,000</b>	<b>10,282</b>
<b>STATE SOURCES</b>						
Liquid Fuels	143,951	144,381	_____-	_____-	143,951	144,381
<b>TOTAL STATE SOURCES</b>	<b>143,951</b>	<b>144,381</b>	<b>_____-</b>	<b>_____-</b>	<b>143,951</b>	<b>144,381</b>
<b>FEDERAL SOURCES</b>						
Bullet Proof Vests	--	--	900	--	900	--
Local Law Enforcement	--	--	10,658	10,658	10,658	10,658
Block Grant – 2000	--	--	13,314	13,314	13,314	13,314
Local Law Enforcement Block Grant – 2001	_____-	_____-	13,314	13,314	13,314	13,314
<b>TOTAL FEDERAL SOURCES</b>	<b>_____-</b>	<b>_____-</b>	<b>24,872</b>	<b>23,972</b>	<b>24,872</b>	<b>23,972</b>
<b>TOTAL REVENUES</b>	<b>150,951</b>	<b>154,493</b>	<b>24,872</b>	<b>24,142</b>	<b>175,823</b>	<b>178,635</b>
<b>OTHER FINANCING SOURCES</b>						
Interfund Transfers	_____-	_____-	2,379	1,479	2,379	1,479
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>150,951</b>	<b>154,493</b>	<b>27,251</b>	<b>25,621</b>	<b>178,202</b>	<b>180,114</b>
<b>EXPENDITURES</b>						
Public Safety	--	--	27,251	25,940	27,251	25,940
Highways and Streets	246,000	184,262	_____-	_____-	246,000	184,262
<b>TOTAL EXPENDITURES</b>	<b>246,000</b>	<b>184,262</b>	<b>27,251</b>	<b>25,940</b>	<b>273,251</b>	<b>210,202</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	(95,049)	(29,769)	--	(319)	(95,049)	(30,088)
<b>FUND BALANCES – JANUARY 1, 2002</b>	<b>102,583</b>	<b>102,583</b>	<b>394</b>	<b>394</b>	<b>102,977</b>	<b>102,977</b>
<b>FUND BALANCES – DECEMBER 31, 2002</b>	<b>\$ 7,534</b>	<b>\$ 72,814</b>	<b>\$ 394</b>	<b>\$ 75</b>	<b>\$ 7,928</b>	<b>\$ 72,889</b>

See the notes to financial statements and the independent auditor's report.

BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA

COMBINING BALANCE SHEET  
ALL FIDUCIARY FUNDS  
DECEMBER 31, 2002

	Pension Trust	Expendable Trust	Non-Expendable Trust	
	Non-Uniform Pension Fund	Police Pension Fund	Tree Commission Fund	William F. Lockard Trust Fund
				Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ --	\$ --	\$ 8,295	\$ 37,309
Investments	381,422	2,871,957	3,849	49,610
Due from Other Funds	<u>11,414</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 392,836</u></b>	<b><u>\$ 2,871,957</u></b>	<b><u>\$ 12,144</u></b>	<b><u>\$ 86,919</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ --	\$ --	\$ --	\$ 2,000
<b>TOTAL LIABILITIES</b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>2,000</u></b>
<b>FUND BALANCES</b>				
Reserved for Employees' Retirement System	392,836	2,871,957	--	3,264,793
Reserved for Other Projects	<u>--</u>	<u>--</u>	<u>12,144</u>	<u>84,919</u>
<b>TOTAL FUND BALANCES</b>	<b><u>392,836</u></b>	<b><u>2,871,957</u></b>	<b><u>12,144</u></b>	<b><u>84,919</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 392,836</u></b>	<b><u>\$ 2,871,957</u></b>	<b><u>\$ 12,144</u></b>	<b><u>\$ 86,919</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCES  
PENSION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Non- Uniform Pension Fund	Police Pension Fund	Total
<b><u>OPERATING REVENUES</u></b>			
State Contributions	\$ 16,177	\$ 149,601	\$ 165,778
Municipal Contributions	27,491	--	27,491
Employee Contributions	--	45,858	45,858
Demutualization Compensation	<u>31,514</u>	<u>--</u>	<u>31,514</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>75,182</u></b>	<b><u>195,459</u></b>	<b><u>270,641</u></b>
<b><u>OPERATING EXPENSES</u></b>			
Distributions and Benefit Payments	83,003	85,167	168,170
Miscellaneous Expenses	--	12,992	12,992
Decrease in Market Value	<u>28,473</u>	<u>52,458</u>	<u>80,931</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>111,476</u></b>	<b><u>150,617</u></b>	<b><u>262,093</u></b>
<b>NET INCOME</b>	<b><u>(36,294)</u></b>	<b><u>44,842</u></b>	<b><u>8,548</u></b>
<b>FUND BALANCES – JANUARY 1, 2002</b>	<b>465,039</b>	<b>2,827,115</b>	<b>3,292,154</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b><u>(35,909)</u></b>	<b><u>--</u></b>	<b><u>(35,909)</u></b>
<b>FUND BALANCES – DECEMBER 31, 2002</b>	<b><u>\$392,836</u></b>	<b><u>\$2,871,957</u></b>	<b><u>\$3,264,793</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
<b><u>LOCAL SOURCES</u></b>			
<b><u>TAXES</u></b>			
Real Estate Taxes – Current	\$1,471,485	\$1,517,378	\$ 45,893
Real Estate Taxes – Prior Year and Delinquent	80,000	127,109	47,109
Occupational Privilege Tax – Current	38,000	38,498	498
Occupational Privilege Tax – Prior Year	100	112	12
Real Estate Transfer Tax	125,000	178,157	53,157
Earned Income Tax	<u>600,000</u>	<u>650,415</u>	<u>50,415</u>
<b>TOTAL TAXES</b>	<b><u>2,314,585</u></b>	<b><u>2,511,669</u></b>	<b><u>197,084</u></b>
<b><u>LICENSES AND PERMITS</u></b>			
Cable Television	76,000	86,500	10,500
Other Licenses and Permits	<u>5,200</u>	<u>6,752</u>	<u>1,552</u>
<b>TOTAL LICENSES AND PERMITS</b>	<b><u>81,200</u></b>	<b><u>93,252</u></b>	<b><u>12,052</u></b>
<b><u>FINES AND FORFEITS</u></b>			
Ordinance Violations	95,000	102,315	7,315
Parking Meter Fines	49,000	52,259	3,259
State Police/County Fines	<u>14,000</u>	<u>8,030</u>	<u>(5,970)</u>
<b>TOTAL FINES AND FORFEITS</b>	<b><u>158,000</u></b>	<b><u>162,604</u></b>	<b><u>4,604</u></b>
<b><u>INTEREST, RENTS AND ROYALTIES</u></b>			
Interest Earnings	30,000	18,562	(11,438)
Rents	<u>350</u>	<u>150</u>	<u>(200)</u>
<b>TOTAL INTEREST, RENTS AND ROYALTIES</b>	<b><u>30,350</u></b>	<b><u>18,712</u></b>	<b><u>(11,638)</u></b>
<b><u>INTERGOVERNMENTAL REVENUES</u></b>			
Transportation Grant	129,000	46,847	(82,153)
Lancaster County Task Force	<u>46,000</u>	<u>50,182</u>	<u>4,182</u>
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b><u>175,000</u></b>	<b><u>97,029</u></b>	<b><u>(77,971)</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>REVENUES (Continued)</u></b>			
<b><u>LOCAL SOURCES (Continued)</u></b>			
<b><u>CHARGES FOR SERVICES</u></b>			
Subdivision and Land Development Fees	800	822	22
Zoning Permits	16,000	15,240	(760)
Zoning Hearing	4,000	3,770	(230)
Sale of Material	5,500	4,065	(1,435)
Special Police Services	--	1,536	1,536
Use and Occupancy Permits	6,000	7,645	1,645
Street Opening Permits	1,500	1,827	327
Parking Meters	20,000	19,880	(120)
Parking Permits	200	499	299
Inspection Fees	21,600	15,267	(6,333)
Crossing Guards	9,500	7,457	(2,043)
Administrative Fee	256,000	236,004	(19,996)
Highway Department Services	--	6,579	6,579
Miscellaneous	--	100	100
<b>TOTAL CHARGES FOR SERVICES</b>	<b>341,100</b>	<b>320,691</b>	<b>(20,409)</b>
<b><u>MISCELLANEOUS REVENUES</u></b>			
Miscellaneous	2,000	1,255	(745)
Refund of Prior Year Expenditures	--	2,497	2,497
Damage to Property	--	999	999
Contribution from Private Sources	34,000	47,559	13,559
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>36,000</b>	<b>52,310</b>	<b>16,310</b>
<b>TOTAL LOCAL REVENUES</b>	<b>3,136,235</b>	<b>3,256,267</b>	<b>120,032</b>
<b><u>STATE SOURCES</u></b>			
Act 205 Pension	108,000	156,233	48,233
Recycling Grant	8,000	--	(8,000)
Public Utility Realty Tax	5,000	3,726	(1,274)
Beverage License Fees	4,750	5,100	350
Community Revitalization	22,360	--	(22,360)
Foreign Fire Insurance Premiums	--	44,277	44,277
<b>TOTAL STATE SOURCES</b>	<b>148,110</b>	<b>209,336</b>	<b>61,226</b>
<b>TOTAL REVENUES</b>	<b>3,284,345</b>	<b>3,465,603</b>	<b>181,258</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Sale of General Fixed Assets	--	566	566
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>--</b>	<b>566</b>	<b>566</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>3,284,345</b>	<b>3,466,169</b>	<b>181,824</b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>EXPENDITURES</u></b>			
<b><u>GENERAL GOVERNMENT</u></b>			
Legislative			
Salaries	72,592	72,834	(242)
Conferences and Mileage	1,600	271	1,329
Total Legislative	<u>74,192</u>	<u>73,105</u>	<u>1,087</u>
Clerk/Secretary			
Salaries	144,552	144,046	506
Office Supplies	6,000	5,558	442
Miscellaneous Expenses	1,000	811	189
Auditing and Other Accounting Services	13,000	10,215	2,785
Pension Management Services	6,000	4,381	1,619
Contracted Services	1,700	1,035	665
Repairs and Maintenance – Office Equipment	2,800	2,788	12
Dues	1,600	1,665	(65)
Advertising and Printing	13,000	10,907	2,093
Postage and Stamps	9,000	9,061	(61)
Office Equipment	2,000	1,905	95
Conferences and Training	1,200	668	532
Total Clerk/Secretary	<u>201,852</u>	<u>193,040</u>	<u>8,812</u>
Tax Collection			
Commission	4,200	3,860	340
Total Tax Collection	<u>4,200</u>	<u>3,860</u>	<u>340</u>
Law			
Legal Services and Supplies	60,000	67,203	(7,203)
Labor Counsel	30,000	25,349	4,651
Arbitration	2,000	--	2,000
Total Law	<u>92,000</u>	<u>92,552</u>	<u>(552)</u>
Property			
Custodian Wages	12,785	13,121	(336)
Materials and Supplies	1,300	1,216	84
Utilities	45,183	38,190	6,993
Maintenance and Repairs	13,500	7,477	6,023
Insurance	98,100	90,376	7,724
Taxes	2,100	2,066	34
Rental of Machinery	800	766	34
General Expenses	850	796	54
Total Property	<u>174,618</u>	<u>154,008</u>	<u>20,610</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<b><u>546,862</u></b>	<b><u>516,565</u></b>	<b><u>30,297</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>EXPENDITURES (Continued)</u></b>			
<b><u>PUBLIC SAFETY</u></b>			
Police			
Salaries	1,224,922	1,064,863	160,059
Supplies	14,500	10,542	3,958
Gasoline, Oil and Grease	15,000	8,961	6,039
Uniforms	12,000	3,800	8,200
Electricity	11,000	7,352	3,648
Communications	11,000	8,158	2,842
Vehicle Maintenance and Repairs	16,000	11,741	4,259
Rental – Machinery and Equipment	900	349	551
Civil Service Commission	1,500	596	904
Maintenance and Repairs – General	20,200	13,753	6,447
Food for Human and Animal Consumption	3,400	1,948	1,452
Education/Training	10,000	856	9,144
Contribution – Drug Task Force	10,500	10,311	189
Pre-Employment Testing	<u>5,500</u>	<u>5,272</u>	<u>228</u>
 Total Police	 <u>1,356,422</u>	 <u>1,148,502</u>	 <u>207,920</u>
Fire			
Salaries – Fire Chief and Inspector	5,900	4,127	1,773
Conferences and Training	2,500	--	2,500
Fire Service – Water Company	33,600	31,082	2,518
Insurance	11,000	11,759	(759)
Contributions	54,000	54,000	--
Supplies	500	20	480
Uniforms	--	15	(15)
Maintenance – General	650	378	272
Dues and Subscriptions	600	--	600
Foreign Fire Insurance Allocation	<u>--</u>	<u>44,277</u>	<u>(44,277)</u>
 Total Fire	 <u>108,750</u>	 <u>145,658</u>	 <u>(36,908)</u>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>EXPENDITURES (Continued)</u></b>			
<b><u>PUBLIC SAFETY (Continued)</u></b>			
Code Enforcement			
Salary	103,344	81,247	22,097
Court Fees	7,000	5,631	1,369
Supplies	2,000	1,402	598
Conference and Training	2,000	2,030	(30)
Printing	500	222	278
Dues and Subscriptions	500	120	380
Minor Equipment Purchase	600	583	17
Vehicle Maintenance	200	222	(22)
Disaster Planning	500	--	500
Total Code Enforcement	<u>116,644</u>	<u>91,457</u>	<u>25.187</u>
<b>TOTAL PUBLIC SAFETY</b>	<b><u>1,581,816</u></b>	<b><u>1,385,617</u></b>	<b><u>196,199</u></b>
<b><u>HIGHWAYS AND STREETS</u></b>			
Salaries	173,076	162,472	10,604
Materials and Supplies	15,500	11,707	3,793
Uniforms	5,000	4,711	289
Engineering Services	30,000	29,150	850
Communications	2,500	1,915	585
Maintenance and Repairs – Building	4,000	2,942	1,058
Rent of Labor and Equipment	1,500	512	988
Major Equipment Purchases	3,000	2,868	132
Traffic Signals and Signs	89,100	80,316	8,784
Maintenance and Repairs – Equipment	20,000	19,805	195
Gas and Oil – Equipment	8,000	5,766	2,234
Construction and Rebuilding – Streets and Roads	154,360	46,847	107,513
Conference and Training	1,500	1,270	230
Utilities	4,000	2,817	1,183
<b>TOTAL HIGHWAYS AND STREETS</b>	<b><u>511,536</u></b>	<b><u>373,098</u></b>	<b><u>138,438</u></b>
<b><u>OTHER PUBLIC WORKS AND ENTERPRISES</u></b>			
Utilities	950	1,183	(233)
Maintenance and Repairs	3,000	788	2,212
<b>TOTAL OTHER PUBLIC WORKS AND ENTERPRISES</b>	<b><u>3,950</u></b>	<b><u>1,971</u></b>	<b><u>1,979</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>EXPENDITURES (Continued)</u></b>			
<b><u>CULTURE AND RECREATION</u></b>			
Contributions	39,450	34,023	5,427
Maintenance	<u>39,834</u>	<u>29,832</u>	<u>10,002</u>
<b>TOTAL CULTURE AND RECREATION</b>	<b><u>79,284</u></b>	<b><u>63,855</u></b>	<b><u>15,429</u></b>
<b><u>DEBT SERVICE</u></b>			
Debt Interest	22,500	21,384	1,116
Debt Principal	<u>481,100</u>	<u>480,881</u>	<u>219</u>
<b>TOTAL DEBT SERVICE</b>	<b><u>503,600</u></b>	<b><u>502,265</u></b>	<b><u>1,335</u></b>
<b><u>MISCELLANEOUS EXPENDITURES</u></b>			
Workmen's Compensation	110,000	86,105	23,895
Pension Contribution	184,130	180,294	3,836
Unemployment Compensation	3,730	3,597	133
Health Insurance	328,040	319,849	8,191
FICA	<u>62,977</u>	<u>56,020</u>	<u>6,957</u>
<b>TOTAL MISCELLANEOUS EXPENDITURES</b>	<b><u>688,877</u></b>	<b><u>645,865</u></b>	<b><u>43,012</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>3,915,925</u></b>	<b><u>3,489,236</u></b>	<b><u>426,689</u></b>
<b><u>OTHER FINANCING USES</u></b>			
Interfund Transfers	<u>91,479</u>	<u>91,479</u>	<u>--</u>
<b>TOTAL OTHER FINANCING USES</b>	<b><u>91,479</u></b>	<b><u>91,479</u></b>	<b><u>--</u></b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>4,007,404</u></b>	<b><u>3,580,715</u></b>	<b><u>426,689</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCES SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>(723,059)</u></b>	<b><u>(114,546)</u></b>	<b><u>608,513</u></b>
<b>FUND BALANCE – JANUARY 1, 2002</b>	<b><u>869,598</u></b>	<b><u>869,598</u></b>	<b><u>--</u></b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b><u>--</u></b>	<b><u>35,909</u></b>	<b><u>35,909</u></b>
<b>FUND BALANCE – DECEMBER 31, 2002</b>	<b><u>\$ 146,539</u></b>	<b><u>\$ 790,961</u></b>	<b><u>\$ 644,422</u></b>

See the notes to financial statements and the independent auditor's report.

**BOROUGH OF COLUMBIA  
COLUMBIA, PENNSYLVANIA**

**STATEMENT OF CHANGES IN FUND EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999, 2000, 2001 AND 2002**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b><u>GENERAL FUND</u></b>					
Beginning Fund Equity	\$ 363,124	\$ 669,648	\$ 922,334	\$ 1,205,120	\$ 869,598
Total Revenues and Other Financing Sources	2,583,167	2,777,221	3,017,791	3,265,636	3,421,892
Total Expenditures and Other Financing Uses	(2,276,643)	(2,524,535)	(2,735,005)	(3,601,158)	(3,536,438)
Prior Period Adjustment	---	---	---	---	35,909
<b>ENDING FUND EQUITY</b>	<b><u>\$ 669,648</u></b>	<b><u>\$ 922,334</u></b>	<b><u>\$ 1,205,120</u></b>	<b><u>\$ 869,598</u></b>	<b><u>\$ 790,961</u></b>
<b><u>MOTOR LICENSE FUND</u></b>					
Beginning Fund Equity	86,923	101,826	222,112	148,242	102,583
Total Revenues and Other Financing Sources	148,770	173,639	162,494	156,370	154,493
Total Expenditures and Other Financing Uses	(133,867)	(53,353)	(236,364)	(202,029)	(184,262)
<b>ENDING FUND EQUITY</b>	<b><u>\$ 101,826</u></b>	<b><u>\$ 222,112</u></b>	<b><u>\$ 148,242</u></b>	<b><u>\$ 102,583</u></b>	<b><u>\$ 72,814</u></b>
<b><u>CAPITAL IMPROVEMENT FUND</u></b>					
Beginning Fund Equity	859	306,593	245,088	126,234	378,362
Total Revenues and Other Financing Sources	351,847	29,991	14,774	309,999	116,708
Total Expenditures and Other Financing Uses	(46,113)	(91,496)	(133,628)	(57,871)	(327,747)
<b>ENDING FUND EQUITY</b>	<b><u>\$ 306,593</u></b>	<b><u>\$ 245,088</u></b>	<b><u>\$ 126,234</u></b>	<b><u>\$ 378,362</u></b>	<b><u>\$ 167,323</u></b>

See the notes to financial statements and the independent auditor's report.