

**BOROUGH OF GETTYSBURG**

**FINANCIAL  
REPORT**

---

DECEMBER 31, 2010

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### ***INDEPENDENT AUDITOR'S REPORT***

To the Borough Council  
Borough of Gettysburg  
Gettysburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Gettysburg, Pennsylvania as of and for the year ended December 31, 2010, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Gettysburg, Pennsylvania, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 8, the schedule of pension plan funding progress and employer contributions on page 42, and the general fund budgetary comparison schedule on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Gettysburg, Pennsylvania's financial statements as a whole. The combining nonmajor fund financial statements on pages 45 and 46 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Smith Elliott Kearns & Company, LLC*

Chambersburg, Pennsylvania  
June 20, 2011

**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
**UNAUDITED**

As management of the Borough of Gettysburg, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Borough of Gettysburg for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the basic financial statements and the accompanying notes to those financial statements .

**Financial Highlights**

- The assets of the Borough of Gettysburg exceeded liabilities at December 31, 2010 by \$ 9,420,327. Of this amount \$ 2,009,008 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets increased by \$ 429,701.
- At December 31, 2010, the governmental funds reported combined fund balances of \$ 4,615,028 of which \$ 4,040,936 unreserved and is available for spending at the Borough of Gettysburg's discretion, \$ 15,005 was reserved for inventory, \$ 121,264 was reserved for prepaid expenses, \$ 124,513 for long-term receivables, \$ 6,846 for community development, \$ 121,121 for liquid fuel eligible costs and \$ 185,343 reserved for law enforcement purposes.
- Governmental fund balances increased \$ 2,858,743 during the year.

**Overview of the Financial Statements**

This discussion and analysis is to serve as an introduction to the Borough of Gettysburg's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information.

*Government-wide financial statements.* The government-wide financial statements are designed to provide readers with a broad overview of the Borough of Gettysburg's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 9 and 10 of this report.

- The Statement of Net Assets presents information on all of the Borough of Gettysburg's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Borough of Gettysburg is improving or deteriorating.
- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period.
- Government-wide financial statements distinguish functions of the Borough of Gettysburg that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The Borough of Gettysburg's governmental activities include Public Safety, Health and Human Services, Community Development, Public Works, General Government, Culture and Recreation and Debt Service. These financial statements do not present any business-like activities. The government-wide financial statement do present information of the component unit which is the water and sewer transactions of Gettysburg Municipal Authority, Inc.

**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
**UNAUDITED**

**Overview of the Financial Statements (Continued)**

*Fund financial statements.* A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Gettysburg, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the Borough of Gettysburg can be divided into three categories: governmental funds, fiduciary funds and component units.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the fiscal year. This information is useful in evaluating the Borough of Gettysburg's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.
- The Borough of Gettysburg maintains six individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects Fund and Capital Reserve Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. A schedule in the Other Supplemental Section of the financial statements details the funds that make up the other governmental funds.
- The Borough of Gettysburg adopts an annual appropriated budget for all of the governmental funds except for the debt service fund.
- The basic governmental fund financial statements can be found on pages 11 – 14 of the report.

*Component Unit* A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair presentation in conformity with Generally Accepted Accounting Practices (GAAP). It is important to underscore that components units, by definition, must be legally separate entities.

There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board 2) fiscal dependence on the primary government and 3) the potential that exclusion would result in misleading financial reporting.

Gettysburg Municipal Authority, Inc (GMA) financial information is presented as a discretely presented component unit in the financial statements that follow. Two important criteria used to come to this conclusion is 1) the Borough of Gettysburg council appoints the governing board of GMA and 2) a management agreement that provides for the Borough to manage and operate the Utility. The notes to the financial statements address this issue and provide additional information in Note 1. Summary of Significant Accounting Policies. Separate financial statements, which includes a Management Discussion and Analysis of the Authority, are available at the Authority's administrative office located at 59 East High Street, Gettysburg, PA 17325.

**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
**UNAUDITED**

**Overview of the Financial Statements (Continued)**

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Borough of Gettysburg's programs. The basic fiduciary fund financial statements can be found on pages 15 - 16 of this report.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 41 of this report.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the Borough's employee pension obligations. Required supplementary information can be found on page 42- 43 of this report.

**Government-Wide Financial Analysis**

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position.

In the case of the Borough of Gettysburg, assets exceeded liabilities by \$ 8,990,626 at the close of the most recent fiscal year. By far the largest portion of the Borough's net assets reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress,) less any related debt used to acquire those assets that are still outstanding.

The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**BOROUGH OF GETTYSBURG'S NET ASSETS**

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Current assets	\$ 5,344,960	\$ 2,283,476
Capital assets and other assets	<u>10,188,459</u>	<u>8,803,213</u>
<b>TOTAL ASSETS</b>	<b>15,533,419</b>	<b>11,086,689</b>
Other liabilities	1,138,916	867,638
Long-term liabilities	<u>4,974,176</u>	<u>1,228,425</u>
<b>TOTAL LIABILITIES</b>	<b>6,113,092</b>	<b>2,096,063</b>
Net assets:		
Invested in capital assets, net of related debt	7,098,009	7,276,573
Restricted	313,310	223,393
Unrestricted	<u>2,009,008</u>	<u>1,490,660</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 9,420,327</u></b>	<b><u>\$ 8,990,626</u></b>

**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Changes in Net Assets**

The following is a summary of the Borough of Gettysburg's changes in net assets:

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,428,456	\$ 1,369,765
Operating Grants and Contributions	465,011	591,033
Capital Grants and Contributions	407,281	384,223
General Revenues:		
Taxes:		
Property	1,808,233	1,650,553
Earned income tax	488,919	472,488
Real Estate Transfer	68,307	70,038
Local services tax	306,743	332,934
Admission	144,488	135,409
Occupational and Per Capita	33,358	34,459
Other	0	5,660
Interest and Investment Earnings	26,025	8,100
Miscellaneous	910	12,997
	<u>5,177,731</u>	<u>5,067,659</u>
Expenses:		
General Government	1,169,103	1,111,060
Public Safety	1,810,347	1,860,871
Health and Human Services	20,036	29,633
Public Works	1,077,014	792,088
Culture and Recreation	269,324	300,810
Community Development	253,075	472,660
Interest and Amortization	149,131	74,522
Total Expenses	<u>4,748,030</u>	<u>4,641,644</u>
Increase (Decrease) in Net Assets	429,701	426,015
Net Assets – Beginning	<u>8,990,626</u>	<u>8,564,611</u>
Net Assets – Ending	<u>\$ 9,420,327</u>	<u>\$ 8,990,626</u>

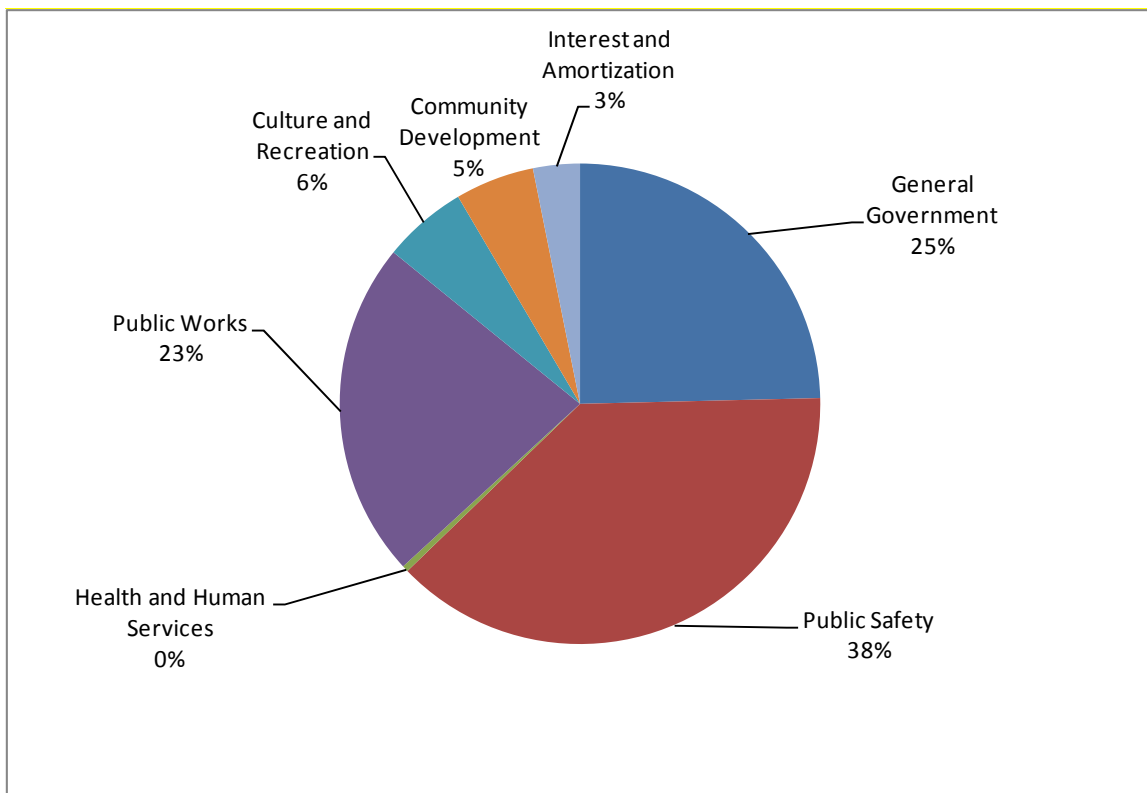
**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
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**Financial Analysis of the Government's Funds**

**Governmental Funds** - As noted earlier, the Borough of Gettysburg uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the Borough of Gettysburg's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Borough of Gettysburg's governmental funds reported combined ending fund balances of \$ 4,615,028. Approximately 88% of this total amount (\$ 4,040,936) constitutes unreserved fund balance which is available for spending at the government's discretion. The remainder of the fund balance (\$ 574,092) is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenses, long-term receivables, funds to be used solely for law enforcement purposes and fuel inventory.

The general fund is the primary operating fund of the Borough. During the year, revenues exceeded expenditures and other financing sources and uses (transfers in) in the general fund by \$ 410,624.

The chart below illustrates the breakdown of governmental funds costs:





**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
**UNAUDITED**

**Budgetary Highlights**

The original budget for the Borough of Gettysburg was not changed during the year for any of the governmental funds.

During the year, general fund revenues were more than budgeted revenues by about \$ 469,000 and general fund expenditures were less than budgeted expenditures by about \$ 131,000. The favorable budget variance for revenues resulted mostly from taxes collected in excess of what was budgeted and higher than estimated charges for services. Positive budget variances for expenditures were generated by the Highway Department.

**Capital Asset Administration**

The Borough of Gettysburg's investment in capital assets includes land, buildings and improvements, equipment, streets, storm sewer systems, lighting systems, and other infrastructure. This investment in capital assets as of December 31, 2010 was \$ 10,027,974 for governmental activities (net of accumulated depreciation). Major capital asset events during the year were:

- Additions of \$ 1,874,250 and retirements of \$ 10,453 in capital assets of governmental activities. Government activities added assets that include the purchase of various public works vehicles and equipment and the repaving of numerous alleys. Additions to work-in-progress included the Borough Building renovations, West Middle Street sidewalk bricking project, an ADA transition plan, the street assessment study and the Washington Street overlay plan.

Comparative Capital Assets at December 31:

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Land and Improvements	\$ 327,307	\$ 354,835
Building and Improvements	6,853,490	7,076,102
Machinery and Equipment	639,116	345,010
Furniture and Fixtures	0	0
Collections	14,150	14,150
Construction in Progress	1,523,842	104,938
Infrastructure	<u>670,069</u>	<u>696,815</u>
Total Capital Assets	<u>\$ 10,027,974</u>	<u>\$ 8,591,850</u>

Additional information on capital assets can be found in Note 5 in the Notes to Financial Statements.

**BOROUGH OF GETTYSBURG**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**  
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**Debt Administration**

The Borough of Gettysburg had total outstanding bonded debt of \$ 5,095,849. The governmental activity amounts are backed by the full faith and credit of the Borough of Gettysburg. The following is a comparative statement of outstanding debt:

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
General Obligation Bond	<u>\$ 5,095,849</u>	<u>\$ 1,287,512</u>
Capital Lease Payable	\$ 9,521	\$ 27,765
Terminated Benefit Payable	21,665	24,468
Compensated Absences	<u>232,878</u>	<u>249,062</u>
Total Debt	<u>\$ 5,359,913</u>	<u>\$ 1,588,807</u>

During the year \$ 310,648 of bonded debt and \$ 13,435 of a Pennsylvania Infrastructure Bank Loan were retired. A net decrease of \$ 37,231 in accrued compensated absences, capital lease payable and terminated benefits payable were recorded.

The Borough of Gettysburg received a rating of A+, and stable outlook from Standard & Poors for the series 2010 general obligation bond issue. The rating reflects Standard & Poors assessment of the Borough:

- Stable local economy, anchored by higher education and a tourism component;
- Adequate wealth and income indicators;
- Financial position that has strengthened considerably recently, characterized now by very strong reserves; and
- Moderately low debt profile.

As a borough, there are legal limitations on the amount of debt that can be outstanding. The recent borrowing base calculation put the limit of non-electoral debt at \$ 10,516,502. Additional information on the Borough of Gettysburg's long term debt can be found in Note 7 in the Notes to Financial Statements.

**Economic Factors and Next Year's Budget**

Assessed valuation has averaged .6% annual growth over the last four years and .9% over the last 10 years. The general fund budget for 2011 reflects a 1% percent increase in total revenues and a 1.5% increase in expenses over the 2010 budget.

**Request for Information**

This financial report is designed to provide a general overview of the Borough of Gettysburg's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Florence A. Ford, Borough Manager, 59 East High Street, Gettysburg, PA 17325.

**BOROUGH OF GETTYSBURG**

**STATEMENT OF NET ASSETS**  
**December 31, 2010**

	<b>Governmental Activities</b>	<b>Component Unit Authority</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,699,136	\$ 11,161,195
Investments	0	7,292,209
Taxes receivable, net	200,096	0
Accounts receivable - billed	247,981	494,517
Accounts receivable - unbilled	0	452,732
Loan receivable - current portion	61,478	0
Intergovernmental receivable		1,063,748
Accrued interest receivable	0	0
Inventories	15,005	67,816
Prepaid expenses	121,264	31,228
Total current assets	<u>5,344,960</u>	<u>20,563,445</u>
<b>Noncurrent assets</b>		
Restricted investments	6,846	0
Loan receivable	63,035	0
Bond issue costs	90,604	162,770
Capital assets not being depreciated:		
Construction in progress	1,523,842	2,001,784
Capital assets net of accumulated depreciation:		
Land and Land improvements	327,307	154,839
Buildings and improvements	6,853,490	8,523,279
Machinery, equipment and furniture	653,266	29,256,423
Infrastructure	670,069	0
Total noncurrent assets	<u>10,188,459</u>	<u>40,099,095</u>
Total assets	<u><u>\$ 15,533,419</u></u>	<u><u>\$ 60,662,540</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	425,593	\$ 452,529
Accrued wages and withholdings	76,195	41,891
Accrued interest	33,832	14,728
Unearned revenues	217,559	0
Consumer deposits	0	56,477
Pension obligation	0	114,727
Long-term liabilities: Due within one year		
Bonds and notes payable	355,984	1,174,426
Capital lease payable	9,521	0
Compensated absences	16,072	0
Termination benefit payable	4,160	0
Total current liabilities	<u>1,138,916</u>	<u>1,854,778</u>
<b>Noncurrent liabilities</b>		
Long-term liabilities: Due in more than one year		
Bonds and notes payable	4,739,865	17,799,663
Capital lease payable	0	0
Compensated absences	216,806	0
Termination benefit payable	17,505	0
Total noncurrent liabilities	<u>4,974,176</u>	<u>17,799,663</u>
Total liabilities	<u>6,113,092</u>	<u>19,654,441</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,098,009	32,525,997
Restricted	313,310	0
Unrestricted	2,009,008	8,482,102
Total net assets	<u>9,420,327</u>	<u>41,008,099</u>
Total liabilities net assets	<u><u>\$ 15,533,419</u></u>	<u><u>\$ 60,662,540</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

# BOROUGH OF GETTYSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Program Revenues			Primary Governmental Activities	Component Unit Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary government</b>						
Governmental activities						
General government	\$ 1,169,103	\$ 224,659	\$ 69,249	\$ 194,603	( \$ 680,592)	
Public safety	1,810,347	176,272	166,146	0	( 1,467,929)	
Health and human services	20,036	0	0	0	( 20,036)	
Public works	1,077,014	995,444	60,040	127,099	105,569	
Culture and recreation	269,324	32,081	6,907	0	( 230,336)	
Community development	253,075	0	162,669	85,579	( 4,827)	
Interest and amortization	149,131	0	0	0	( 149,131)	
Total governmental activities	4,748,030	1,428,456	465,011	407,281	( 2,447,282)	
<b>Component Unit</b>						
Municipal Authority	\$ 5,378,772	\$ 4,602,051	\$ 0	\$ 1,166,754		\$ 390,033
<b>General revenues and transfers:</b>						
Taxes:						
Property taxes					\$ 1,808,233	\$ 0
Earned income tax					488,919	0
Real estate transfer tax					68,307	0
Local services tax					306,743	0
Admission tax					144,488	0
Occupational and per capita taxes					33,358	0
Unrestricted investment earnings					26,025	23,802
Miscellaneous income					910	14,015
Total general revenues and transfers					2,876,983	37,817
Change in net assets					429,701	427,850
Net assets - beginning (as restated)					8,990,626	40,580,249
Net assets - ending					\$ 9,420,327	\$ 41,008,099

The Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF GETTYSBURG**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2010**

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,162,905	\$ 3,050,412	\$ 347,593	\$ 138,226	\$ 4,699,136
Investments	0	0	0	6,846	6,846
Accounts and grants receivable	169,732	69,603	0	11,455	250,790
Taxes receivable, net	200,096	0	0	0	200,096
Due from other funds	2,444	50,000	0	0	52,444
Loans receivable	0	124,513		0	124,513
Inventories	15,005	0	0	0	15,005
Prepaid expenses	121,264	0	0	0	121,264
Total assets	<u>\$ 1,671,446</u>	<u>\$ 3,294,528</u>	<u>\$ 347,593</u>	<u>\$ 156,527</u>	<u>\$ 5,470,094</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 76,737	336,651	\$ 0	\$ 15,014	\$ 428,402
Due to other funds	50,000	2,444	0	0	52,444
Deferred revenue	80,466	212,673	0	4,886	298,025
Accrued wages, benefits and withholdings	76,195	0	0	0	76,195
Total liabilities	<u>283,398</u>	<u>551,768</u>	<u>0</u>	<u>19,900</u>	<u>855,066</u>
<b>Fund balances</b>					
Reserved for:					
Inventories	15,005	0	0	0	15,005
Prepaid expenses	121,264	0	0	0	121,264
Long term loan receivables	0	124,513	0	0	124,513
Other purposes	0	0	185,343	127,967	313,310
Unreserved - undesignated:					
General fund	1,234,319	0	0	0	1,234,319
Special revenue funds	0	0	0	8,660	8,660
Capital reserve fund	0	0	162,250	0	162,250
Capital projects fund	0	2,618,247	0	0	2,618,247
Unreserved - designated for self insurance	17,460	0	0	0	17,460
Total fund balances	<u>1,388,048</u>	<u>2,742,760</u>	<u>347,593</u>	<u>136,627</u>	<u>4,615,028</u>
Total liabilities and fund balances	<u>\$ 1,671,446</u>	<u>\$ 3,294,528</u>	<u>\$ 347,593</u>	<u>\$ 156,527</u>	<u>\$ 5,470,094</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF GETTYSBURG**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
December 31, 2010**

**Total fund balance - governmental funds** \$ 4,615,028

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund balance sheet, but are reported in the governmental activities of the Statement of Net Assets.

Cost of assets	18,510,168	
Accumulated depreciation	( 8,482,194)	10,027,974

Bond issue costs are not available to pay current period expenditures and therefore are not reported in the fund balance sheet, but are reported in the governmental activities of the Statement of Net Assets. 90,604

Taxes receivable and accrued interest receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the fund balance sheet. However, these are recorded as revenue and receivable when earned for the government-wide statements. 80,467

Some liabilities are not due and payable in the current period and are not included in the fund balance sheet, but are included in governmental activities in the Statement of Net Assets.

Bonds and notes payable, net	( 5,095,849)	
Capital lease	( 9,521)	
Accrued interest	( 33,832)	
Compensated absences	( 232,879)	
Termination benefits	( 21,665)	
		( 5,393,746)

**Total net assets - governmental activities** \$ 9,420,327

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF GETTYSBURG**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2010**

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,847,216	\$ 0	\$ 0	\$ 0	\$ 2,847,216
Licenses and permits	120,641	0	0	0	120,641
Fines and forfeits	256,005	0	0	0	256,005
Investment earnings	5,057	19,673	804	491	26,025
Rents	21,495	0	0	0	21,495
Intergovernmental	301,518	280,182	0	287,409	869,109
Charges for services	1,007,880	0	0	0	1,007,880
Donations	12,533	0	0	0	12,533
Miscellaneous	13,995	0	0	0	13,995
Total revenues	<u>4,586,340</u>	<u>299,855</u>	<u>804</u>	<u>287,900</u>	<u>5,174,899</u>
<b>EXPENDITURES</b>					
General government	1,026,064	999,608	0	0	2,025,672
Public safety	1,775,011	0	31,790	0	1,806,801
Health and human services	20,036	0	0	0	20,036
Public works	636,249	682,118	0	124,964	1,443,331
Culture and recreation	238,887	0	0	0	238,887
Community development	27,815	85,579	0	252,311	365,705
Debt service	451,654	106,310	0	16,312	574,276
Total expenditures	<u>4,175,716</u>	<u>1,873,615</u>	<u>31,790</u>	<u>393,587</u>	<u>6,474,708</u>
Excess (deficiency) of revenues over expenditures	<u>410,624</u>	<u>( 1,573,760)</u>	<u>( 30,986)</u>	<u>( 105,687)</u>	<u>( 1,299,809)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long term financing	0	4,160,000	0	0	4,160,000
Bond discount	0	( 1,448)	0	0	( 1,448)
Transfers in	0	0	20,398	0	20,398
Transfers out	0	( 20,398)	0	0	( 20,398)
Total other financing sources and uses	<u>0</u>	<u>4,138,154</u>	<u>20,398</u>	<u>0</u>	<u>4,158,552</u>
Net change in fund balances	410,624	2,564,394	( 10,588)	( 105,687)	2,858,743
Fund balances - beginning (as restated)	977,424	178,366	358,181	242,314	1,756,285
Fund balances - ending	<u>\$ 1,388,048</u>	<u>\$ 2,742,760</u>	<u>\$ 347,593</u>	<u>\$ 136,627</u>	<u>\$ 4,615,028</u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF GETTYSBURG**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2010**

**Net change in fund balances - total governmental funds** \$ 2,858,743

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differs from capital outlays in the period.

Depreciation expense	(	564,545)	
Capital outlays, net of retirements		<u>1,872,985</u>	
			1,308,440

Because some taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. The difference in tax revenue is:

2,833

Governmental funds report bond and capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the difference between proceeds and repayments.

( 3,813,916)

Governmental funds report bond issue costs, bond loss and discounts as expenditures. However, in the statement of activities, these costs are amortized over the life of the related bond. This is the amount of bond issue costs, bond loss and bond discounts recorded as assets and liabilities in the Statement of Net Assets net of amortization expense for the current year.

94,338

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount (incurred) and the amount paid for:

Accrued interest expense	(	39,723)	
Compensated absences		( 7,512)	
Termination benefits		2,803	
Vision benefits		<u>23,695</u>	
			( 20,737)

**Change in net assets - governmental activities** \$ 429,701

*The Notes to Financial Statements are an integral part of this statement.*



**BOROUGH OF GETTYSBURG**

**STATEMENT OF FIDUCIARY NET ASSETS**

**December 31, 2010**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 66,427	\$ 0
Investments	<u>5,628,532</u>	<u>8,576</u>
Total assets	<u><u>\$ 5,694,959</u></u>	<u><u>\$ 8,576</u></u>
<b>NET ASSETS</b>		
Held in trust for:		
Employees' pension benefits	\$ 5,694,959	\$ 0
Other purposes	<u>0</u>	<u>8,576</u>
Total net assets	<u><u>\$ 5,694,959</u></u>	<u><u>\$ 8,576</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

**BOROUGH OF GETTYSBURG**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

**For the Year Ended December 31, 2010**

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions		
Employer	\$ 106,304	\$ 0
Employer - state funded	139,098	0
Total contributions	<u>245,402</u>	<u>0</u>
<b>Investment earnings</b>		
Net appreciation (depreciation) in fair value of investments and gain (loss) on sale of investments	553,631	0
Interest, dividends and other	<u>137,121</u>	<u>60</u>
Total investment income	690,752	60
Less investment expenses:		
Fiduciary fees	( 30,712)	0
Net investment earnings	<u>660,040</u>	<u>60</u>
Total additions	<u>905,442</u>	<u>60</u>
<b>Deductions</b>		
Benefit payments	239,052	0
Administrative expense	38,293	0
Other services	<u>0</u>	<u>60</u>
Total deductions	<u>277,345</u>	<u>60</u>
Change in net assets held in trust for:		
Employees' pension benefits	628,097	0
Other purposes	0	0
Net assets - beginning	<u>5,066,862</u>	<u>8,576</u>
Net assets - ending	<u><u>\$ 5,694,959</u></u>	<u><u>\$ 8,576</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

## ***NOTES TO FINANCIAL STATEMENTS***

### **Note 1. Summary of Significant Accounting Policies**

#### **Nature of Operations**

The Borough of Gettysburg, Pennsylvania, operates under a strong council-weak mayor-manager form of government and provides the following services as authorized by the Borough Code: Public Safety – Police and Fire, Highways and Streets, Sanitation, Public Service, Health and Social Services, Culture – Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The financial statements of the Borough of Gettysburg, Pennsylvania, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Borough also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, to its government-wide and proprietary fund financial statements provided they do not conflict with or contradict GASB pronouncements. The government's more significant accounting policies are described below.

#### **Reporting Entity**

The GASB defines the criteria used to determine the composition of the reporting entity. It requires that the reporting entity include (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for the governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation in some manner for the debt of the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

The following component unit meets the criteria for discrete presentation and is included within the reporting entity:

- The Gettysburg Municipal Authority (the “Authority”) is governed by a board appointed by Borough Council of which one member serves on both Boards. The Authority owns the water and sewer plant which services the Borough of Gettysburg entirely and neighboring Townships, Cumberland and Straban. The Borough has also issued general obligation bonds on behalf of the Authority and guaranteed certain bond issues. The debt service for these bond issues is paid entirely by the Authority. See Note 7 for additional information.

In addition, a management agreement between the Authority and the Borough provides for the Borough to manage and operate the Utility System, and shall renew annually unless either party requests in writing to terminate the agreement on or before October 1 of each year. The Authority and the Borough are currently negotiating a new service agreement that will detail duties to be handled by the Authority and the Borough. Separate financial statements of the Authority are available at the Authority’s Administrative office located at 59 East High Street, Gettysburg, Pennsylvania 17325.

### **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 balance/net assets/(deficit), revenue, and expenditures/expenses. The various funds of the primary government are segregated into the categories of governmental and fiduciary.

#### **Governmental Funds**

Governmental Funds are those through which most governmental functions of the Borough are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The Borough reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Borough. This fund is used to account for all financial transactions except those required to be accounted for in another fund. This is a budgeted fund, and any unreserved-undesignated fund balances are considered as resources available for use.

The Borough reports the following major governmental funds:

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

Capital Reserve Fund – This fund is used to set monies aside for future capital improvements.

The Borough reports the following non-major governmental funds:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The Borough has the following Special Revenue Funds:

- Small Communities Program Fund – The Small Communities Program Fund accounts for various federal and state grants used to provide funding for community development projects.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Fund Accounting (Continued)**

- *Highway Aid Fund* is used to account for state liquid fuels tax revenue used primarily for building, improving, and maintaining local roads and bridges.
- *Company K Fund* is used to account for financial resources to be used for the perpetual care and maintenance of the Company K Memorial Monument.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. The Borough has no investment trust funds or agency funds. Fiduciary Funds are not included in the government-wide financial statements.

The Borough maintains pension trust funds for the police and non-uniformed personnel. The Borough also maintains a private purpose trust fund - the Eichelberger-Stahle Trust Fund, which accounts for a charity fund in which yearly proceeds are to be distributed to the deserving poor of the Borough.

### **Basis of Presentation**

*Government-wide Financial Statements* – The statements of net assets and activities display information about the Borough as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Borough's public safety, health and welfare, highways, parking facilities, culture and recreation, community development, and general administrative services are classified as governmental activities. The statements distinguish between these activities of the Borough that are governmental and the discretely presented component unit.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financials but differs from the manner in which governmental fund financials are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough, with certain limited exceptions. The comparison of direct expenses and program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Borough.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Basis of Presentation (Continued)**

*Fund Financial Statements* – Fund financial statements report detailed information about the Borough. The focus of the governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The major fund concept does not apply to fiduciary funds and they are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

### **Basis of Accounting**

#### **Accrual**

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

#### **Modified Accrual**

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB standards, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenue by the recipient.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Basis of Accounting (Continued)**

#### **Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

#### **Investments**

Investments and investment pools are reported at fair value, which is determined as follows:

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems and investments in external investment pools not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Unrealized appreciation or depreciation due to changes in fair values of such investments is recognized annually.

#### **Concentrations**

The Borough receives real estate, per capita, and occupation taxes from residents within the Borough limits. The Borough uses a tax collector to collect all current real estate, per capita and occupation taxes. The Borough may lien any property associated with the real estate assessment.

The Borough is located in Adams County within South Central Pennsylvania.

#### **Inventories**

Inventory of fuel is maintained in the General Fund. It is carried at cost using the first-in, first-out method and is subsequently charged to expenditure when consumed.

All other governmental fund types expense inventorable items when purchased, which are insignificant at year end.

Inventory in the proprietary funds is valued at the lower of cost or market, using the first-in, first-out method. The cost of inventory is recorded as an expense when consumed rather than when purchased.

#### **Capital Assets**

General capital assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the governmental fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Capital assets with a value of \$ 1,000 or more are capitalized by the Borough. Infrastructure acquired after January 1, 2003 (in accordance with GASB provisions) is capitalized and depreciated over its estimated useful life. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations.

## Note 1. Summary of Significant Accounting Policies (Continued)

### Capital Assets (Continued)

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20
Infrastructure	20
Buildings and improvements	20 - 40
Machinery and equipment	5 - 15
Furnishings and fixtures	5

Collections include historical treasures that are not depreciated. The collections are being held for public exhibition, protected, kept unencumbered, cared for and preserved, and therefore are not depreciated.

### Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

*Investment in Capital Assets, Net of Related Debt:* This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted Net Assets:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Restricted Governmental Activities Net Assets:* Net assets are restricted for the upkeep of the Company K monument. Also, during 2009, the Borough received forfeits in relation to a local police action. The funds received are restricted to be used for future public safety expenditures. Per Pennsylvania state law, funds derived through the Highway Aid fund are restricted for highway department use. The following details the restricted net assets:

Restricted for Company K monument	\$ 6,846
Restricted for public safety	185,343
Restricted for Highway Department	<u>121,121</u>
	<u>\$ 313,310</u>

*Unrestricted Net Assets:* This category represents the net assets of the Borough, which are not restricted for any project or other purpose. However, these funds may be internally designated for specific projects or purposes in the fund financial statements.

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



## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Fund Balance**

In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. As of December 31, 2010, reservations of fund balance are described below:

*Reserved for Inventory/Prepaid Expenses/Long Term Receivables/Company K Monument.* These designations reflect non-current resources so that they will not be considered as current available funds.

*Reserved for Other Purposes.* See above for description of reserves for public safety and highway department.

*Unreserved – Designated for Self Insurance.* This designation reflects current resources that have been set aside to be used for self insurance in the future.

### **Interfund Activity**

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

### **Budgets and Budgetary Accounting**

Annual budgets are adopted for the General Fund, Capital Projects Fund, Highway Aid Fund, Capital Reserve Fund, Small Communities Fund, and the Water and Sewer Funds. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end. There was no budget revision during the year ended December 31, 2010.

### **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 the disclosure of contingent assets and liabilities, if any, 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.

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental columns in the statement of net assets. Bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount and loss on refinancing. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Long-Term Obligations**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses (if resulting from a disparity in interest rates) or as debt service expenditures (if resulting from underwriter's fees). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Pension Plans**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose. The Borough has a duty of due care that would be required of an ordinary prudent investor.

### **Compensated Absences/Vision Benefits**

Liability for compensated absences is accounted for in accordance with the provisions of the GASB, which require entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

Under terms of the Borough's employment agreements, employees are granted vacation, personal, and sick leave in varying amounts. Vacation and personal time must be used during the calendar year for all employees and cannot be carried over. Upon retirement from the Borough, non-uniformed employees and police are reimbursed for accumulated sick leave in accordance with personnel policies. Under terms of the Borough's employment agreements, employees are granted vision benefits in varying amounts. Upon retirement from the Borough, all employees are reimbursed for accumulated vision benefits in accordance with personnel policies.

The vesting method is used to account for sick leave and vision liabilities. In accordance with GASB standards, no liability is recorded in the governmental fund financial statements and an expenditure is recorded as payments are made. In the government-wide statements, the liability and expenses are recorded as earned.

### **Discretely Presented Municipal Authority:**

#### **Accounts Receivable and Concentration of Credit Risk**

The Authority provides water and sewer service to customers within the Gettysburg area. Receivables are recorded at face amount. A minimal allowance for doubtful accounts has been recorded.

## **Note 1. Summary of Significant Accounting Policies (Continued)**

### **Discretely Presented Municipal Authority (Continued):**

#### **Unbilled Revenue**

During the year, customer water meters are read quarterly and water/sewer bills rendered throughout quarterly periods. Because not every meter is read on the same date, revenue for services rendered but not yet billed is accrued at year-end to match revenues with related expenses.

#### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Capital assets with a value of \$ 1,000 or more are capitalized by the Borough. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and plant	25-40 years
Wells	25 years
Lift stations	25 years
Utility and general	10-15 years

#### **Compensated Absences/Vision Benefits**

Under the terms of the Authority's employment agreements, full-time employees are granted vacation leave after completing twelve months of employment. The amount of vacation days awarded is based on the number of continuous service years. Vacation is awarded to employees on their anniversary dates, rather than the year-end of the Authority. With few exceptions, employees may not accumulate any unused vacation leave.

## **Note 2. Cash and Investments**

### **Borough:**

The Borough is authorized to invest in the following:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies.
- Deposits in savings accounts or certificates of deposit insured by the FDIC or NCUSIF to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository.
- Obligations of the U.S. Government, Commonwealth of Pennsylvania, or any agency, instrumentality, or political subdivision thereof, backed by the full faith and credit of the applicable government.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.

## **Note 2. Cash and Investments (Continued)**

### ***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a written policy for custodial credit risk. As of December 31, 2010, \$ 1,527,137 of the Borough's bank balance of \$ 4,824,697 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution		0
Uninsured and collateral held by the pledging bank's trust department but not in the Borough's name		<u>1,527,137</u>
	\$	<u>1,527,137</u>

Included in the Governmental Activities investments on the statement of net assets is a certificate of deposit of \$ 6,846, with a maturity of less than one year. Included in the Fiduciary investments on the statement of fiduciary net assets is a certificate of deposit of \$ 8,576, with a maturity of less than one year. All are considered deposits for purpose of this disclosure.

### ***Municipal Pension Plans***

Investments held by the trustees of the Borough's pension plans are as follows:

	Value
Money Market Funds	\$ 66,427
Mutual Funds	<u>5,628,532</u>
	<u>\$ 5,694,959</u>

These funds have no defined maturity dates, and can be liquidated on a daily basis.

### ***Credit Risk***

The Borough does not have a policy to limit investment in fixed income securities to a particular credit quality rating. Approximately 43% of total mutual fund investments are fixed income investments and of this amount, only a small portion of these funds are invested in bonds that are given a credit quality rating. However, where the ratings apply, most have received a rating of AAA or better.

## **Note 2. Cash and Investments (Continued)**

### **Discretely Presented Municipal Authority:**

The Authority is authorized to invest funds as detailed above for the Borough.

#### ***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written policy for custodial credit risk. As of December 31, 2010, \$ 12,171,202 of the Authority's bank balance of \$ 12,710,220 is exposed to credit risk. Included in this amount is \$ 1,552,676 of certificates of deposit, which are classified as investments on the statement of net assets. Deposits of \$ 6,037,937 were uninsured and collateralized with securities held by the pledging bank's trust department, but not in the Authority's name, and money market deposits of \$ 6,133,265 which were collateralized with securities by the pledging institution in the Authority's name.

#### ***Credit Risk***

The Authority does not have a formal policy pertaining to credit risk.

## **Note 3. Taxes Receivable and Deferred Revenues**

Property taxes are levied on March 1 for the tax year. Taxes are payable at a 2% discount if paid before May 1 and at a 10% penalty if paid after the due date of June 30. Outstanding real estate taxes are turned over to Adams County, which handles collections and placement of liens, if necessary. Taxes are recorded as revenue by the Borough when received from the tax collector, and accruals are recorded at year-end for taxes expected to be received within 60 days of December 31 in accordance with the modified accrual basis of accounting. The Borough has established an allowance for uncollectible taxes based on the evaluation of historical collections. The total assessed valuation as of December 31, 2010 is \$ 118,261,437.

Taxes receivable in the fund financial statements consists of the following as of December 31, 2010:

Real Estate and Real Estate transfer	\$ 88,632
Per Capita	11,833
Earned Income	53,123
Occupational	23,868
Local Services Tax	34,648
Admission	5,413
Allowance for uncollectible accounts	( 17,421)
Total taxes receivable	200,096
 Taxes collected within sixty days, recorded as revenues in governmental funds	 ( 119,630)
 Taxes estimated to be collected after sixty days, recorded as deferred revenue in governmental funds	 \$ 80,466

**Note 4. Interfund Receivables and Payables and Transfers****Borough:**

Due from/to other funds consist of the following as of December 31, 2010:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>General Fund</u>	<u>Small Communities Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	
General Fund	\$ 0	\$ 0	\$ 2,444	\$ 0	\$ 2,444
Capital Projects Fund	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Total	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 2,444</u>	<u>\$ 0</u>	<u>\$ 52,444</u>

At December 31, 2010, the General Fund owed the Capital Projects Fund \$ 50,000 for an Elm Street grant receipt which had been deposited into the General Fund checking account. The Capital Projects Fund owed the General Fund \$ 2,444 for miscellaneous costs.

Interfund operating transfers were as follows in 2010:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Reserve Fund	Capital Projects Fund	\$ 20,398

In 2010 the Capital Reserve Fund recorded a transfer of \$ 20,398 to the Capital Projects Fund to eliminate a prior year due to/due from that could not be substantiated.

## Note 5. Capital Assets

### Borough:

Capital asset activity for the Borough consists of the following as of and for the year ended December 31, 2010:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Cost:				
Land improvements	\$ 453,316	\$ 2,437	\$ 0	\$ 455,753
Infrastructure	4,800,130	176,464	0	4,976,594
Buildings and improvements	9,203,916	14,928	0	9,218,844
Machinery and equipment	1,857,337	389,201	( 10,453)	2,236,085
Furniture and fixtures	84,900	0	0	84,900
Collections	14,150	0	0	14,150
Construction in progress	232,622	1,291,220	0	1,523,842
Total cost	<u>16,646,371</u>	<u>1,874,250</u>	<u>( 10,453)</u>	<u>18,510,168</u>
Less accumulated depreciation:				
Land improvements	( 98,481)	( 29,965)	0	( 128,446)
Infrastructure	( 4,103,315)	( 203,210)	0	( 4,306,526)
Buildings and improvements	( 2,127,814)	( 237,540)	0	( 2,365,354)
Machinery and equipment	( 1,512,327)	( 93,830)	9,188	( 1,596,969)
Furniture and fixtures	( 84,900)	0	0	( 84,900)
Total accumulated depreciation	<u>( 7,926,838)</u>	<u>( 564,545)</u>	<u>9,188</u>	<u>( 8,482,194)</u>
<b>Capital assets, net</b>	<u>\$ 8,719,533</u>	<u>\$ 1,309,705</u>	<u>( \$ 1,265)</u>	<u>\$ 10,027,974</u>

Accumulated costs attributable to projects included in "Construction in Progress" at December 31, 2010 are as follows:

Smith and Brickyard Alley	\$ 3,456
Steinwehr Avenue - design	174,532
Shealer Alley	742
West Middle Street Bricks	44,363
ADA Sidewalk Renovations	79,865
Street Assessment Study	22,976
Washington Street	22,692
Borough Building Renovations	<u>1,175,216</u>
	<u>\$ 1,523,842</u>

Depreciation expense for the year ended December 31, 2010 was charged as follows:

General Government	\$ 142,517
Public Safety	33,408
Highways	244,699
Parking	102,134
Culture and Recreation	<u>41,787</u>
	<u>\$ 564,545</u>

**Note 5. Capital Assets (Continued)****Discretely Presented Municipal Authority:**

Capital asset activity for the Authority consists of the following as of and for the year ended December 31, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Cost:				
Land	\$ 103,782	\$ 51,057	\$ 0	\$ 154,839
Building and plant	21,709,955	97,657	0	21,807,612
Wells	1,424,962	871,293	0	2,296,255
Lift stations	775,711	0	0	775,711
Utility and general equipment	42,004,997	617,871	0	42,622,868
Construction in progress	2,067,154	1,388,177	( 1,453,547)	2,001,784
Total cost	<u>68,086,561</u>	<u>3,026,055</u>	<u>( 1,453,547)</u>	<u>69,659,069</u>
Less accumulated depreciation:				
Building and plant	( 12,455,713)	( 828,620)	0	( 13,284,333)
Wells	( 915,943)	( 59,846)	0	( 975,789)
Lift stations	( 377,048)	( 30,498)	0	( 407,546)
Utility and general equipment	( 14,097,846)	( 957,230)	0	( 15,055,076)
Total accumulated depreciation	<u>( 27,846,550)</u>	<u>( 1,876,194)</u>	<u>0</u>	<u>( 29,722,744)</u>
<b>Capital assets, net</b>	<u>\$ 40,240,011</u>	<u>\$ 1,149,861</u>	<u>( \$ 1,453,547)</u>	<u>\$ 39,936,325</u>

Accumulated costs attributable to projects included in "Construction-in-Progress" at December 31, 2010 are as follows:

York Water Pipeline	\$ 84,320
Future water	160,602
West Middle Street	132,793
Water meters	20,026
Interceptor	103,012
Wastewater plant upgrade	1,501,031
	<u>\$ 2,001,784</u>

Depreciation expense for the year ended December 31, 2010 was charged as follows:

<b><u>GMA:</u></b>	
Water	725,429
Sewer	1,150,765
	<u>\$ 1,876,194</u>



## Note 6. Mortgages and Notes Receivable

The following is a summary of changes in mortgages receivable for the year ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Accrued Interest	Current Portion	Long-term Portion
Mortgages receivable							
(A) Fahnestock	\$ 96,000	\$ 0	( \$ 96,000)	\$ 0	\$ 0	\$ 0	\$ 0
(B) Scattered Sites 3rd Mortgage	59,718	0	0	59,718	6,818	0	59,718
(C) Scattered Sites 4th Mortgage	150,000	0	0	150,000	16,500	0	150,000
(D) Scattered Sites 5th Mortgage	40,000	0	0	40,000	4,400	0	40,000
Subtotal - mortgages	345,718	0	( 96,000)	249,718	27,718	0	249,718
Allowance for uncollectible accounts	( 249,718)	0	0	( 249,718)	( 27,718)	0	( 249,718)
<b>Net mortgages receivable</b>	<b>\$ 96,000</b>	<b>\$ 0</b>	<b>( \$ 96,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

- (A) Fahnestock - On December 31, 1985, the Fahnestock Associates L.P. signed a promissory note to pay the Borough principal of \$ 96,000 with an interest rate of 1% per annum accruing and payable on December 31, 2010. During 2010 this mortgage was determined to be completely uncollectable and was written off as bad debt expense.
- (B) Scattered Sites 3rd Mortgage - On January 6, 1993 Gettysburg Scattered Sites Associates entered into a mortgage with the Borough. The principal amount of \$ 44,235 was raised to \$ 59,718 on July 28, 1999 and accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of prior liens.
- (C) Scattered Sites 4th Mortgage - On January 6, 1993 Gettysburg Scattered Sites Associates entered into a mortgage with the Borough. The principal amount of \$ 150,000 accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of prior liens. Accrued interest as of December 31, 2010 totaled \$ 27,000 with interest through December 31, 1999 totaling \$ 10,500 being forgiven.
- (D) Scattered Sites 5th Mortgage - On January 6, 1993 Gettysburg Scattered Sites Associates entered into a mortgage with the Borough. The principal amount of \$ 40,000 accrues interest at a rate of 1% per annum. All payments of principal and interest are deferred until the low-income housing project is sold and to the extent that funds are available after repayment of prior liens. Accrued interest as of December 31, 2010 totaled \$ 4,400 after the accrued interest was rolled into principal during 1999.

For the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> Scattered Sites Mortgages, an allowance for uncollectible accounts has been established for the entire amount of the mortgage and interest receivable because it is probable that the Borough will not receive these funds.

## Note 6. Mortgages and Notes Receivable (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Notes Receivable						
(A) Kennies Market	\$ 184,475	\$ 0	( \$ 59,962)	\$ 124,513	\$ 61,478	\$ 63,035
(B) Gettysburg Economic Development Corporation	50,000	0	( 50,000)	0	0	0
Subtotal - notes	234,475	0	( 109,962)	124,513	61,478	63,035
Allowance for uncollectible accounts	( 50,000)	0	50,000	0	0	0
<b>Total Notes Receivable</b>	<b>\$ 184,475</b>	<b>\$ 0</b>	<b>( \$ 59,962)</b>	<b>\$ 124,513</b>	<b>\$ 61,478</b>	<b>\$ 63,035</b>

(A) On August 8, 2007, Kennie's Market, Inc. signed a promissory note to pay the Borough principal of \$ 300,000 plus interest at a rate of 2.5% per annum. Monthly principal and interest payments of \$ 5,324 will be made through January 1, 2013.

(B) In August 2007, Gettysburg Economic Development Corporation signed an option agreement to pay the Borough \$ 100,000 for the purchase of the Cullison property with no interest. On October 15, 2007, \$ 50,000 was paid, leaving a receivable at December 31, 2007 of \$ 50,000. An allowance for uncollectible accounts was established for the entire receivable balance. During 2010 the Gettysburg Economic Development Corporation declared bankruptcy and the balance of this loan was deemed uncollectable and fully written off.

## Note 7. Long-term Liabilities

### Borough:

The changes in long-term liabilities during the year ended December 31, 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Bonds and notes payable						
(A) 2004 GO Bond	\$ 875,000	\$ 0	( \$ 285,000)	\$ 590,000	\$ 295,000	\$ 295,000
(B) 2008 GO Bond	420,648	0	( 29,405)	391,243	32,122	359,121
(C) 2010 GO Bond	0	3,860,000		3,860,000	5,000	3,855,000
(D) 2009 PIB Loan	0	300,000	( 13,435)	286,565	28,089	258,476
Bond Discount	( 8,136)	( 27,580)	3,757	( 31,959)	( 4,227)	( 27,732)
Subtotal - bonds and notes	1,287,512	4,132,420	( 324,083)	5,095,849	355,984	4,739,865
Capital lease payable	27,765	0	( 18,244)	9,521	9,521	0
Compensated absences/vision benefit	249,062	56,554	( 72,737)	232,879	16,072	216,807
Termination benefit payable	24,468	0	( 2,803)	21,665	4,160	17,505
<b>Total long-term liabilities</b>	<b>\$ 1,588,807</b>	<b>\$ 4,188,974</b>	<b>( \$ 417,867)</b>	<b>\$ 5,359,914</b>	<b>\$ 385,737</b>	<b>\$ 4,974,177</b>

### Bond, Notes, and Loans Payable

(A) General Obligation Bond - Series of 2004 - On March 15, 2004, the Borough issued General Obligation Bonds in the principal amount of \$ 2,485,000 to currently refund the General Obligation Bonds - Series of 1999. Annual installments varying from \$ 245,000 to \$ 300,000 are due through October 1, 2012; fixed interest rates vary from 1.00% to 3.20%.

(B) General Obligation Bond – Series of 2008 – On January 31, 2008, the Borough issued General Obligation Bonds in the principal amount of \$ 435,000 to currently refund the General Obligation Note – 2006. Interest only shall be paid on February 1, 2009, thereafter semiannual installments of \$ 29,945 are due February 1 and August 1 through August 1, 2019; the interest rate is fixed at 7.25%.

## Note 7. Long-term Liabilities (Continued)

### Bond, Notes, and Loans Payable (Continued)

(C) General Obligation Bond – Series of 2010 – On May 15<sup>th</sup>, 2010, the Borough issued \$10,045,000 of General Obligation Bonds, Series of 2010. The purpose of the issuances is to (1) refinance the 2004A and 2004B General Obligation Bonds of the Borough (issued on behalf of the Authority), and (2) finance numerous capital projects of the Borough. The portion of the bonds used to refinance the 2004A and 2004B bonds was \$6,185,000. These bonds were issued to finance the Municipal Authority operations and, therefore, this portion will be repaid by the Authority. The portion of the bonds issued by the Borough for future projects was \$3,860,000. For the Borough's portion, annual principal installments varying from \$5,000 to \$495,000 are due through November 14, 2023 and fixed interest rates vary from 2.00% to 3.85%.

(D) Pennsylvania Infrastructure Bank Loan of 2009 - On December 30, 2009, the Borough signed a note in the principal amount of \$300,000 to fund various infrastructure improvements within the Borough. This note was drawn down during 2009. Semiannual installments of \$16,312 are due February 8<sup>th</sup> and August 8<sup>th</sup> through February 8, 2020 with an interest rate of 1.625%.

The following is a schedule by years and in the aggregate of future minimum debt principal and interest payments.

	2004 GO Bond		2008 GO Bond		PIB Loan		2010 GO Bond (Borough Portion)		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 295,000	\$ 18,290	\$ 32,122	\$ 27,769	\$ 28,089	\$ 4,536	\$ 5,000	\$ 122,363	\$ 360,211	\$ 172,958
2012	295,000	9,440	34,493	25,398	28,547	4,078	5,000	122,263	363,040	161,179
2013	0	0	37,039	22,852	29,013	3,612	305,000	122,163	371,052	148,627
2014	0	0	39,773	20,118	29,487	3,138	310,000	116,063	379,260	139,319
2015	0	0	42,709	17,183	29,968	2,657	315,000	108,313	387,677	128,153
2016-2020	0	0	205,107	34,789	141,461	5,790	1,820,000	402,767	2,166,568	443,346
2021-2025	0	0	0	0	0	0	1,100,000	70,210	1,100,000	70,210
	<u>\$ 590,000</u>	<u>\$ 27,730</u>	<u>\$ 391,243</u>	<u>\$ 148,109</u>	<u>\$ 286,565</u>	<u>\$ 23,811</u>	<u>\$ 3,860,000</u>	<u>\$ 1,064,142</u>	<u>\$ 5,127,808</u>	<u>\$ 1,263,792</u>

### Capital Lease Payable

The Borough has entered into a capital lease for the purchase of two police cars. At December 31, 2010, the leased assets had a cost basis of \$ 59,694 net of accumulated amortization of \$ 28,852 and is included in capital assets.

The future minimum lease payments under capital lease as of December 31, 2010 are as follows:

2011	\$ 9,798
Amount representing interest	( 277 )
	<u>\$ 9,521</u>

**Note 7. Long-term Liabilities (Continued)****Termination Benefit Payable**

The Borough offered termination benefits to two employees to cover health care costs for these individuals. The following details the future estimated payments, which are based on expected increases in health care costs, for the fiscal years ended December 31:

2011	\$ 4,160
2012	4,245
2013	4,332
2014	4,420
2015	4,508
	<u>\$ 21,665</u>

The estimated liability shown above is discounted at a rate of 1.0%.

**Discretely Presented Municipal Authority**

The changes in long-term liabilities during the year ended December 31, 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Bonds and notes payable						
(F) 2010 Sewer revenue bonds	\$ 0	\$ 6,355,000	\$ 0	6,355,000	\$ 25,000	6,330,000
Unamortized bond discount/loss	\$ 0	( \$ 58,432)	\$ 204	( 58,228)	( \$ 3,089)	( 55,139)
	<u>0</u>	<u>6,296,568</u>	<u>204</u>	<u>6,296,772</u>	<u>21,911</u>	<u>6,274,861</u>
(A) 2004 A GO Bonds - Sewer	1,785,000	0	( 1,785,000)	0	0	0
(B) 2007 GO Bonds - Sewer	7,810,000	0	( 5,000)	7,805,000	5,000	7,800,000
(D) 2010 GO Bonds - Sewer	0	1,815,000	( 545,000)	1,270,000	565,000	705,000
Other bond related costs	( 138,599)	( 43,315)	37,251	( 144,663)	94,018	( 238,681)
	<u>9,456,401</u>	<u>1,771,685</u>	<u>( 2,297,749)</u>	<u>8,930,337</u>	<u>664,018</u>	<u>8,266,319</u>
(C) 2004 B GO Bonds - Water	4,265,000	0	( 4,265,000)	0	0	0
(E) 2010 GO Bonds - Water	0	4,370,000	( 465,000)	3,905,000	500,000	3,405,000
Other bond related costs	( 70,766)	( 172,961)	85,707	( 158,020)	( 11,503)	( 146,517)
	<u>4,194,234</u>	<u>4,197,039</u>	<u>( 4,644,293)</u>	<u>3,746,980</u>	<u>488,497</u>	<u>3,258,483</u>
<b>Total long-term liabilities</b>	<u>\$ 13,650,635</u>	<u>\$ 12,265,292</u>	<u>( \$ 6,941,838)</u>	<u>\$ 18,974,089</u>	<u>\$ 1,174,426</u>	<u>\$ 17,799,663</u>

The general obligation bonds listed below are issued by the Borough on behalf of the Authority. All proceeds are utilized by the Authority and the related debt service is paid by the Authority. Therefore, this debt and unspent bond proceeds at year end is only shown within the discretely presented component unit column on the government-wide statements.

- (A) General Obligation Bond - Series of 2004A - On May 15, 2004, the Borough issued General Obligation Bonds in the principal amount of \$ 1,880,000 to currently refund the Guaranteed Sewer Revenue Bonds - Series of 1998 of The Gettysburg Municipal Authority. Annual installments varying from \$ 10,000 to \$ 565,000 are due through October 1, 2013; fixed interest rates vary from 2.40% to 3.60%.
- (B) General Obligation Bond – Series of 2007 – In 2007, the Borough issued General Obligation Bonds in the principal amount of \$8,285,000 to be used for future Authority projects. Annual installments varying from \$ 185,000 to \$ 840,000 are due through August 15, 2023; interest varying from 4.00% to 4.25%.

## Note 7. Long-term Liabilities (Continued)

### Discretely Presented Municipal Authority (Continued)

- (C) General Obligation Bond – Series of 2004B – On May 15, 2004, the Borough issued General Obligation Bonds in the principal amount of \$ 5,250,000 to advance refund the Guaranteed Water Revenue Bonds – Series of 1999 of The Gettysburg Municipal Authority. Annual installments varying from \$ 145,000 to \$ 575,000 are due through October 1, 2018; fixed interest rates vary from 2.40% to 4.10%.
- (D) General Obligation Bond Sewer– Series of 2010 – On May 15, 2010, the Borough issued General Obligation Bonds in the principal amount of \$ 1,815,000 to currently refund the General Obligation Bonds – Series of 2004A and 2004B and fund various capital projects of the Borough. Annual principal installments varying from \$135,000 to \$570,000 are due through November 15, 2013; fixed interest rates vary from 1.00% to 2.00%.
- (E) General Obligation Bond Water– Series of 2010 – On May 15, 2010, the Borough issued General Obligation Bonds in the principal amount of \$ 4,370,000 to currently refund the General Obligation Bonds – Series of 2004A and 2004B and fund various capital projects of the Borough. Annual principal installments varying from \$200,000 to \$570,000 are due through November 15, 2018; fixed interest rates vary from 1.00% to 3.30%.
- (F) Sewer Revenue Bonds – Series of 2010 – On December 1, 2010, the Authority issued Revenue Bonds in the principal amount of \$6,355,000 to fund capital construction improvements to the Authority’s public sewer system and to pay the costs and expenses related to the issuance of the Bonds. The Borough has guaranteed the payment of the bonds by pledging its full faith, credit and taxing power. Annual principal installments range from \$10,000 to \$1,130,000 through November 15, 2029 with interest ranging from 3% to 4%.
- (G)

The following is a schedule by years and in the aggregate of future minimum debt principal and interest payments required at December 31, 2010. This includes the future maturities for the 2010 GO Bond, which was issued subsequent to year-end to refinance the 2004A and 2004B bond issues.

	2007 GO Bond - Sewer		2010 GO Bond - Sewer		2010 GO Bond - Water		2010 Revenue Bond - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 5,000	\$ 316,362	\$ 565,000	\$ 25,400	\$ 500,000	\$ 95,656	\$ 25,000	\$ 237,609	\$ 1,095,000	\$ 675,027
2012	5,000	316,162	570,000	14,100	505,000	85,656	15,000	252,324	1,095,000	\$ 668,242
2013	455,000	315,962	135,000	2,700	510,000	75,554	10,000	251,876	1,110,000	\$ 646,092
2014	615,000	297,762	0	0	525,000	65,354	10,000	251,474	1,150,000	\$ 614,590
2015	640,000	273,162	0	0	540,000	52,230	10,000	251,076	1,190,000	\$ 576,468
2016-2020	3,595,000	961,214	0	0	1,325,000	70,680	60,000	1,249,750	4,980,000	\$ 2,281,644
2021-2025	2,490,000	209,814	0	0	0	0	1,965,000	1,199,650	4,455,000	\$ 1,409,464
2026-2029	0	0	0	0	0	0	4,260,000	434,600	4,260,000	\$ 434,600
	<u>\$ 7,805,000</u>	<u>\$ 2,690,438</u>	<u>\$ 1,270,000</u>	<u>\$ 42,200</u>	<u>\$ 3,905,000</u>	<u>\$ 445,130</u>	<u>\$ 6,355,000</u>	<u>\$ 4,128,359</u>	<u>\$ 19,335,000</u>	<u>\$ 7,306,127</u>

## Note 8. Operating Leases

### Borough:

#### Lease Expense

The Borough entered into a long-term land lease with PNC Bank, N.A. Beginning on November 1, 1990, the Borough began paying a monthly rental payment of \$ 1,200 for ten years. For years eleven through twenty-five, the Borough pays \$ 1,700 per month. Subsequently, the lease is renewable for an additional fifteen years at \$ 2,250 per month through October 31, 2030.

## Note 8. Operating Leases (Continued)

The scheduled lease commitments are as follows:

2011	\$ 20,400
2012	20,400
2013	20,400
2014	20,400
2015	20,400
	<u>\$ 102,000</u>

## Note 9. Employee Retirement Systems

The Borough of Gettysburg contributes to two single-employer defined benefit pension plans: Police Pension Plan and Non-Uniformed Pension Plan.

### A. Summary of Significant Accounting Policies

Basis of Accounting – The Borough of Gettysburg’s financial statements, in connection with its pension plans, are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

### B. Plan Descriptions and Contributions

#### Police Pension Plan

Plan Description – The Plan is a single-employer defined benefit pension plan that covers all full-time members of the police force. The plan provides retirement benefits as well as death benefits. If a participant is eligible for retirement, a death benefit is payable. Employees are entitled to an annual cost-of-living increase not to exceed 4% per year. The plan is established and administered by the Borough through trust agents (local banks).

Contributions – Plan members are not required to contribute to the plan. The State is required to contribute at an actuarially determined rate. The Borough is responsible for contributing funds after accounting for the state contribution in order to meet the minimum municipal obligation for each year. The contribution requirements of the plan members and the State are established and may be amended by the Borough and State legislature, respectively. Administrative costs of the Police Pension Plan are financed through investment earnings.

#### Non-Uniformed Pension Plan

Plan Description – The Plan is a single-employer defined benefit pension plan that covers all full-time non-uniformed employees as of the first day of a participant’s employment. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is established and administered by the Borough through trust agents (local banks).

**Note 9. Employee Retirement Systems (Continued)**

Contributions – Plan members are not required to contribute to the plan. The State is required to contribute at an actuarially determined rate. The Borough is responsible for contributing funds after accounting for the state contribution in order to meet the minimum municipal obligation for each year. The contribution requirements of the plan members and the State are established and may be amended by the Borough and State legislature, respectively. Administrative costs of the Non-Uniformed Pension Plan are financed through investment earnings.

Membership of the plans consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

	<b>Police</b>	<b>Non-Uniformed</b>
Retirees and beneficiaries receiving benefits	8	9
Terminated plan members entitled to but not yet receiving benefits	2	9
Active plan members	<u>11</u>	<u>24</u>
Totals	<u>21</u>	<u>42</u>

**C. Annual Pension Cost and Net Pension Obligation**

The Borough's annual pension cost and net pension obligation to the police pension plan and the non-uniformed pension plan were as follows as of and for the year ended December 31, 2010:

	<b>Police</b>	<b>Non-Uniformed</b>
Annual required contribution	\$ 109,453	\$ 123,907
Interest on net pension obligation	0	0
Adjustment to annual required contribution	<u>0</u>	<u>0</u>
Annual pension cost	109,453	123,907
Contributions made	<u>121,495</u>	<u>123,907</u>
Increase in net pension obligation	0	0
Net pension obligation beginning of year	<u>0</u>	<u>0</u>
Net pension obligation end of year	<u>\$ 0</u>	<u>\$ 0</u>

**Three-Year Trend Information**

Year Ended December 31,	Police Pension Plan			Non-Uniformed Pension Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 109,453	100%	\$ 0	\$ 123,907	100%	\$ 0
2009	\$ 123,062	100%	\$ 0	\$ 122,320	100%	\$ 0
2008	\$ 118,582	100%	0	\$ 136,798	100%	0

## Note 9. Employee Retirement Systems (Continued)

### D. Funded Status and Funding Progress

The funded status of each plan as of January 1, 2009, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Police Pension Plan	\$ 3,414,872	\$ 3,776,553	\$ 361,681	90.4%	\$ 592,136	61.1%
Non-Uniformed Pension Plan	1,485,730	1,790,858	305,128	83.0%	897,677	34.0%

### E. Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuations at the dates indicated.

	<b>Police Pension Plan</b>	<b>Non-Uniformed Pension Plan</b>
Valuation Date:	01/01/09	01/01/09
Actuarial Cost Method:	Entry age normal	Entry age normal
Amortization Method	Level Dollar	Level Dollar
Remaining Amortization Period	17 years	9 years
Asset Valuation Method	Smoothed Asset Valuation Method	Smoothed Asset Valuation Method
Actuarial Assumptions:		
Investment rate of return *	7.5%	7.5%
Projected salary increases *	5.0%	5.0%
* Included Inflation at Cost-of-Living Adjustments	3.0%	3.0%

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



**Note 9. Employee Retirement Systems (Continued)****F. Financial Statements**

The following are financial statements as of December 31, 2010 for the individual pension plans maintained by the Borough:

**STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS**

	Police	Non Uniformed	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,831	\$ 37,596	\$ 66,427
Investments	<u>3,754,386</u>	<u>1,874,146</u>	<u>5,628,532</u>
Total assets	<u>\$ 3,783,217</u>	<u>\$ 1,911,742</u>	<u>\$ 5,694,959</u>
<b>NET ASSETS</b>			
Held in trust for:			
Employees' pension benefits	\$ 3,783,217	\$ 1,911,742	\$ 5,694,959
Total net assets	<u>\$ 3,783,217</u>	<u>\$ 1,911,742</u>	<u>\$ 5,694,959</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS**

	Police	Non Uniformed	Total
<b>ADDITIONS</b>			
<b>Contributions</b>			
Employer	\$ 12,042	\$ 94,262	\$ 106,304
Employer - state funded	<u>109,453</u>	<u>29,645</u>	<u>139,098</u>
Total contributions	<u>121,495</u>	<u>123,907</u>	<u>245,402</u>
Investment income			
Net appreciation (depreciation) in fair value of investments and gains (loss) on sale of investments	358,422	195,209	553,631
Interest, dividends, and other	<u>93,618</u>	<u>43,503</u>	<u>137,121</u>
Total investment income	452,040	238,712	690,752
Less investment expenses:			
Fiduciary fees	( 18,894)	( 11,818)	( 30,712)
Total net investment income	<u>433,146</u>	<u>226,894</u>	<u>660,040</u>
Total additions	<u>554,641</u>	<u>350,801</u>	<u>905,442</u>
<b>DEDUCTIONS</b>			
Benefit payments	183,137	55,915	239,052
Administrative expense	<u>15,121</u>	<u>23,172</u>	<u>38,293</u>
Total deductions	<u>198,258</u>	<u>79,087</u>	<u>277,345</u>
Change in net assets	356,383	271,714	628,097
<b>NET ASSETS</b>			
Beginning	<u>3,426,834</u>	<u>1,640,028</u>	<u>5,066,862</u>
Ending	<u>\$ 3,783,217</u>	<u>\$ 1,911,742</u>	<u>\$ 5,694,959</u>

## **Note 10. Risk Management**

### **Borough:**

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough purchases commercial insurance coverage for these types of losses, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In addition, the Borough provides unemployment compensation coverage through a risk pool sponsored by the Pennsylvania Association of Boroughs (PSAB).

During 2010 the Borough was a member of the Capital Region Insurance Trust (CRIT). This trust consists of a group of municipalities that have pooled their interests together in order to establish a self funded insurance plan in order to better control insurance rates. The Borough pays a premium to CRIT that consists of a portion for actual claim expenses, administrative costs, reinsurance costs and a reserve account. At year end, the actual claims of the Borough are reviewed and the reserve account is used to fund any excess claims for the Borough over the premiums paid during the year. If any funds remain in the reserve account, 30% of the total reserve balance could possibly be used to fund claim overages of other municipalities. After these reconciliations are performed for all municipalities, if there are any remaining claim overages for the trust, the reinsurance policy that is purchased through the Pennsylvania Municipal Health Insurance Cooperative is used to pay the claims. Therefore, the expense of the Borough is limited to the premiums paid during the year. Any potential refund of the reserve account is calculated and received by the Borough several months after year end. Total payments by the Borough to CRIT during the year were \$600,088. The Borough terminated its membership in the Trust as of December 31, 2010 for non-uniformed employees. The membership in the Trust for uniformed employees was terminated on February 28, 2011.

### **Discretely Presented Municipal Authority:**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance coverage for these types of losses, including workers' compensation and employee health and accident insurance. Settlement amounts resulting from these risks have not exceeded coverage in the current year or the three prior years.

## **Note 11. Commitments and Contingent Liabilities**

### **Borough:**

The Borough has signed the following contracts for work to be performed:

	<u>Contract Amount</u>	<u>Incurred through December 31, 2010</u>
Borough building renovations	\$ 1,923,028	\$ 1,011,854
Steinwehr Avenue Streetscape - construction *	\$ 2,036,000	\$ 0

\* The Borough has been awarded a grant for the Streetscape project that will reimburse the Borough 100% for the cost of construction.

**Note 11. Commitments and Contingent Liabilities (continued)****Discretely Presented Municipal Authority:**

The Authority has signed the following contracts for work to be performed:

	<u>Contract Amount</u>	<u>Incurred through December 31, 2010</u>
West Middle Street Project	\$ 1,056,750	\$ 0
Wastewater Treatment Plant Upgrade	\$ 15,982,778	\$ 1,501,031

**Note 12. Transactions Between the Primary Government and Component Unit**

Pursuant to the management agreement between the Borough and the Authority, all employees of the Authority are effectively employees of the Borough. The Authority reimburses the Borough for payroll and payroll related costs. This reimbursement was \$ 1,093,041 for 2010 and \$ 1,019,384 for 2009. At December 31, 2010, the Authority owed the Borough for payroll in the amounts of \$ 19,879 from the sewer fund and \$ 15,968 for the water fund.

Also, see Note 7 for an explanation of the general obligation bonds issued by the Borough on behalf of the Authority.

**Note 13. Restatement**

A restatement was necessary in the Capital Projects fund to properly state fund balance as of December 31, 2009. This restatement resulted from not recording various construction invoices related to the Steinwehr Avenue Project, the Pennsylvania Community Transportation Initiative Project and the Borough building renovations as payables as of December 31, 2009. This had no impact on prior year net assets for governmental activities because this would have been recorded as capital assets offset by accounts payable.

	<u><b>Capital Projects Fund</b></u>
Fund balance, as originally stated	\$ 306,050
Restatement	( 127,684)
Net Assets, as restated	<u>\$ 178,366</u>
Change in fund balance, as originally stated	\$ (78,493)
Restatement	( 127,684)
Change in fund balance, as restated	<u>( \$ 206,177)</u>

**BOROUGH OF GETTYSBURG**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION PLAN FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**Year Ended December 31, 2010**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Actuarial Liability AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>Borough of Gettysburg Police Pension Plan</b>						
01/01/10	-	-	-	-	-	-
01/01/09	\$ 3,414,872	\$ 3,776,553	\$ 361,681	90.4%	\$ 592,136	61.1%
01/01/08	-	-	-	-	-	-
01/01/07	3,818,358	3,656,719	(161,639)	104.7%	725,697	( 22.3%)
01/01/06	-	-	-	-	-	-
01/01/05	3,593,049	3,182,611	(410,438)	112.9%	647,172	( 63.4%)
01/01/04	-	-	-	-	-	-

**Borough of Gettysburg Non-Uniformed Pension Plan**

01/01/10	-	-	-	-	-	-
01/01/09	\$ 1,485,730	\$ 1,790,858	\$ 305,128	83.0%	\$ 897,677	34.0%
01/01/08	-	-	-	-	-	-
01/01/07	1,406,480	1,642,462	235,982	85.6%	1,038,137	22.7%
01/01/06	-	-	-	-	-	-
01/01/05	1,073,123	1,339,689	266,566	80.1%	1,083,910	24.6%
01/01/04	-	-	-	-	-	-

Police Pension Plan			Non-Uniformed Pension Plan	
Year Ended December 31,	Annual Required Contribution	Percentage of APC Contributed	Annual Required Contribution	Percentage of APC Contributed
2010	\$ 109,453	100%	\$ 123,907	100%
2009	123,062	100%	122,320	100%
2008	118,582	100%	136,798	100%
2007	106,244	100%	135,636	100%
2006	89,675	100%	135,097	100%
2005	53,058	100%	141,064	100%
2004	15,918	100%	92,579	100%

**BOROUGH OF GETTYSBURG**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the year ended December 31, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 2,597,800	\$ 2,597,800	\$ 2,847,216	\$ 249,416
Licenses and permits	70,200	70,200	120,641	50,441
Fines and forfeits	301,000	301,000	256,005	( 44,995)
Interest earnings	3,000	3,000	5,057	2,057
Rents	0	0	21,495	21,495
Intergovernmental	277,836	277,836	301,518	23,682
Charges for services	834,550	834,550	1,007,880	173,330
Donations	33,000	33,000	12,533	( 20,467)
Miscellaneous	0	0	13,995	13,995
Total revenues	<u>4,117,386</u>	<u>4,117,386</u>	<u>4,586,340</u>	<u>468,954</u>
<b>EXPENDITURES</b>				
General government	1,027,581	1,027,581	1,026,064	1,517
Public safety	1,692,873	1,692,873	1,775,011	( 82,138)
Health and welfare	28,600	28,600	20,036	8,564
Highways	784,939	784,939	636,249	148,690
Culture and recreation	257,426	257,426	238,887	18,539
Community development	30,000	30,000	27,815	2,185
Debt service	485,654	485,654	451,654	34,000
Total expenditures	<u>4,307,073</u>	<u>4,307,073</u>	<u>4,175,716</u>	<u>131,357</u>
Excess (deficiency) of revenues over expenditures	( 189,687)	( 189,687)	410,624	600,311
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	<u>144,000</u>	<u>144,000</u>	<u>0</u>	( 144,000)
Total other financing sources and uses	<u>144,000</u>	<u>144,000</u>	<u>0</u>	( 144,000)
Net change in fund balances	( \$ 45,687)	( \$ 45,687)	\$ 410,624	\$ 456,311
Fund balances - beginning	<u>977,424</u>	<u>977,424</u>	<u>977,424</u>	<u>0</u>
Fund balances - ending	<u>\$ 931,737</u>	<u>\$ 931,737</u>	<u>\$ 1,388,048</u>	<u>\$ 456,311</u>

***OTHER SUPPLEMENTARY INFORMATION***

**BOROUGH OF GETTYSBURG****COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
December 31, 2010**

	<b>Highway Aid Fund</b>	<b>Company K Fund</b>	<b>Small Communities Program Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 130,212	\$ 0	\$ 8,014	\$ 138,226
Investments	0	6,846	0	6,846
Accounts and grants receivable	0	0	11,455	11,455
Total assets	<u>130,212</u>	<u>6,846</u>	<u>19,469</u>	<u>156,527</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	9,091	0	5,923	15,014
Deferred revenue	0	0	4,886	4,886
Total liabilities	<u>9,091</u>	<u>0</u>	<u>10,809</u>	<u>19,900</u>
<b>Fund balances</b>				
Reserved for other purposes	121,121	6,846	0	127,967
Unreserved - undesignated	0	0	8,660	8,660
Total fund balances	<u>121,121</u>	<u>6,846</u>	<u>8,660</u>	<u>136,627</u>
Total liabilities and fund balances	<u>\$ 130,212</u>	<u>\$ 6,846</u>	<u>\$ 19,469</u>	<u>\$ 156,527</u>

**BOROUGH OF GETTYSBURG****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2010**

	<b>Highway Aid Fund</b>	<b>Company K Fund</b>	<b>Small Communities Program Fund</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>				
Investment earnings	\$ 422	\$ 47	\$ 22	\$ 491
Intergovernmental	131,099	0	156,310	287,409
Total revenues	<u>131,521</u>	<u>47</u>	<u>156,332</u>	<u>287,900</u>
<b>EXPENDITURES</b>				
Public Works	124,964	0	0	124,964
Community development	0	0	252,311	252,311
Debt Service	16,312	0	0	16,312
Total expenditures	<u>141,276</u>	<u>0</u>	<u>252,311</u>	<u>393,587</u>
Excess (deficiency) of revenues over expenditures	( 9,755)	47	( 95,979)	( 105,687)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	( 9,755)	47	( 95,979)	( 105,687)
Fund balances - beginning	130,876	6,799	104,639	242,314
Fund balances - ending	<u>\$ 121,121</u>	<u>\$ 6,846</u>	<u>\$ 8,660</u>	<u>\$ 136,627</u>