

MaherDuessel

March 29, 2017

Harry Dilmore
Kilbuck Township
343 Eicher Road
Pittsburgh, PA 15237

Dear Harry:

We have enclosed 10 copies of the December 31, 2017 DCED report, 8 copies of the Management Letter, and 2 copies of the Legal Advertisement. All of these reports were also emailed to harry@kilbucktownship.org. The advertisement will need to run in a local newspaper. We will file a copy of the DCED with the Allegheny County Prothonotary's office and with the Department of Community and Economic Development.

Additionally, please find enclosed 5 copies of the SAS 114 letter, which should be provided to the Supervisors.

If you have any questions, please contact me at (412) 535-5511.

Thank you for all of your assistance with the audit.



Katie L. Yates, CPA

**2017 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

021805 KILBUCK TWP, ALLEGHENY COUNTY

Independent Auditor's Report

Board of Supervisors Township of Kilbuck

We have audited the Cash Basis Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (Schedules) included in the 2017 Annual Audit and Financial Report of the Township of Kilbuck (Township), Pennsylvania.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Township on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These

requirements permit the Schedules to be prepared on the cash basis of accounting, without financial statement disclosures, without cash flows, without government-wide financial statements, without Management's Discussion and Analysis, without budgetary comparisons and historical pension information, and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and the results of its operations for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Township as of December 31, 2017, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by DCED.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Schedules that collectively comprise the Township's Schedules. The pension disclosures are presented for purposes of additional analysis and are not a required part of the Schedules. The pension disclosures have not been subjected to the auditing procedures applied in the audit of the Schedules and, accordingly, we do not express an opinion or provide any assurance on them.

Maker Duessel

Pittsburgh, Pennsylvania
March 23, 2018

KILBUCK TWP, ALLEGHENY County
BALANCE SHEET
 December 31, 2017

	Governmental Funds					Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only	
Liabilities and Other Credits											
260-269 Long-Term-Liabilities									131,670		131,670
240-259 Current Portion of Long-Term Debt and Other Credits									125,435		125,435
Total Liabilities and Other Credits	11,812								257,105		268,917

Fund and Account Group Equity												
281-284 Contributed Capital												
290.00 Investment in General Fixed Assets												
270-289 Fund Balance / Retained Earnings on 12/31	293,155	75,020			217,023		350,059					935,257
291-299 Other Equity												
Total Fund and Account Group Equity	293,155	75,020			217,023		350,059					935,257

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											1,204,174
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KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only	

REVENUES

Interest, Rents and Royalties									
341.00	Interest Earnings	828	1,131			1,108		44,135	47,202
342.00	Rents and Royalties	4,828							4,828
Total Interest, Rents and Royalties		5,656	1,131			1,108		44,135	52,030

Federal									
351.03	Highways and Streets								
351.09	Community Development								
351.00	All Other Federal Capital and Operating Grants								
352.01	National Forest								
352.00	All Other Federal Shared Revenue and Entitlements								
353.00	Federal Payments in Lieu of Taxes								
Total Federal									

State									
354.03	Highways and Streets								
354.09	Community Development								
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants								
355.01	Public Utility Realty Tax (PURT)								
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		33,011						33,011
355.04	Alcoholic Beverage Licenses	450							450
355.05	General Municipal Pension System State Aid								
355.07	Foreign Fire Insurance Tax Distribution	5,424							5,424
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution	148							148

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only	

REVENUES

Charges for Service									
369.00	Bars								
370.00	Cemeteries								
372.00	Electric System								
373.00	Gas System								
374.00	Housing System								
375.00	Markets								
377.00	Transit Systems								
378.00	Water System								
379.00	All Other Charges for Service								
Total Charges for Service		1,038				113,719			114,757

Unclassified Operating Revenues									
383.00	Special Assessments								
386.00	Escheats (sale of personal property)								
387.00	Contributions and Donations from Private Sectors	586							586
388.00	Fiduciary Fund Pension Contributions							28,715	28,715
389.00	All Other Unclassified Operating Revenues								
Total Unclassified Operating Revenues		586						28,715	29,301

Other Financing Sources									
391.00	Proceeds of General Fixed Asset Disposition								
392.00	Interfund Operating Transfers	45							45
393.00	Proceeds of General Long-Term Debt								
394.00	Proceeds of Short Term-Debt								

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

General Fund	Governmental Funds			Proprietary Funds			Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency		

REVENUES

Other Financing Sources									
395.00	Refunds of Prior Year Expenditures								
	Total Other Financing Sources	45							45

TOTAL REVENUES

598,336	34,142			114,827			72,850	820,155
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	10,756						10,756
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	9,485	48					9,533
403.00	Tax Collection	9,200			17			9,217
404.00	Solicitor / Legal Services	25,964						25,964
405.00	Secretary / Clerk	6,245	48		153			6,446
406.00	Other General Government Administration	48,020						48,020
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	32,329						32,329
409.00	General Government Buildings and Plant	12,124						12,124
	Total General Government	154,123	96		170			154,389

Public Safety

410.00	Police	92,690						92,690
411.00	Fire	34,676						34,676
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	4,959						4,959

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

	Governmental Funds			Proprietary Funds			Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety									
414.00	Planning and Zoning								
415.00	Emergency Management and Communications								
416.00	Militia and Armories								
417.00	Examination of Licensed Occupations								
418.00	Public Scales (weights and measures)								
419.00	Other Public Safety								
	Total Public Safety	132,325							132,325

Health and Human Services									
420.00-425.00	Health and Human Services	4,780							4,780
	Total Health and Human Services	4,780							4,780

Public Works - Sanitation									
426.00	Recycling Collection and Disposal								
427.00	Solid Waste Collection and Disposal (garbage)								
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection				70,702				70,702
	Total Public Works - Sanitation				70,702				70,702

Public Works - Highways and Streets									
430.00	General Services - Administration								
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal	36,157							36,157
433.00	Traffic Control Devices	1,040	128						1,168
434.00	Street Lighting	222							222

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds			Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only	

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery							
438.00	Maintenance and Repairs of Roads and Bridges	50,216	128,782					178,998
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		87,635	128,910					216,545

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises								

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	2,309						2,309

KILBUCK TWP, ALLEGHENY COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

	Governmental Funds			Proprietary Funds			Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only	

EXPENDITURES

Employer Paid Benefits and Withholding Items

484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		28,715						28,715

Insurance

486.00	Insurance, Casualty, and Surety	9,055						9,055
Total Insurance		9,055						9,055

Unclassified Operating Expenditures

488.00	Fiduciary Fund Benefits and Refunds Paid					48,563		48,563
489.00	All Other Unclassified Expenditures	4,738			181	151		5,070
Total Unclassified Operating Expenditures		4,738			181	48,714		53,633

Other Financing Uses

491.00	Refund of Prior Year Revenues	5,342						5,342
492.00	Interfund Operating Transfers				45			45
493.00	All Other Financing Uses							
Total Other Financing Uses		5,342			45			5,387

TOTAL EXPENDITURES

566,419	129,006	71,098	48,714	815,237
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES

31,917	-94,864	43,729	24,136	4,918
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DEBT STATEMENT

OUTSTANDING BONDS AND NOTES
Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (YYYY)	Maturity Year (YYYY)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
PNC Note	Note	2007	2019	1,250,000	376,971		119,866		257,105		257,105
Revenue Bonds and Notes											
Lease Rental Debt:											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 257,105
Capitalized lease obligations 0
Net debt 257,105

KILBUCK TWP, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES
 December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways		9,500	9,500
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES		9,500	9,500

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

Independent Public Accountant/Certified Public Accountant Submission Page

Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA

December 31, 2017

NOTES / COMMENTS

OTHER INFORMATION

TOWNSHIP OF KILBUCK

POLICE PENSION PLAN

PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2017

1. Plan Description

The Township of Kilbuck (Township), Pennsylvania, sponsors one pension plan, the Police Pension Plan (Police Plan). The Township has no current active employees.

The Police Plan is a single-employer defined benefit contributory plan available to all permanent members of the Township's police department upon hire. The Police Plan was established under the Second Class Township Code and various Township ordinances. Any person employed on a full-time basis by the Township as a police officer is eligible for retirement benefits provided he/she has completed 25 years of service and has attained the age of 55. Participants of the Police Plan are entitled to a vested deferred benefit after 12 years of service, as well as disability retirement and death benefits. The monthly Police Plan benefit is based on 50% of the participant's final monthly average compensation. "Average compensation" is the salary averaged over the final 36-month period prior to retirement or other severance.

2. Funding Policy and Contributions

The Township's funding policy is to comply with Pennsylvania Act 205 of 1984 (Act 205). Under Act 205, the Township is to contribute the sum of the Police Plan's normal cost, administrative expenses, and amortization of the unfunded actuarial accrued liability (if any), less the amount contributed by employees and the Commonwealth of Pennsylvania. The normal cost and amortization of unfunded actuarial accrued liability are determined by an actuary, using guidelines established in Act 205.

The Minimum Municipal Obligation (MMO) for the Police Plan in 2017 was \$28,715. The MMO was partially paid in the amount of \$18,645 from the General Fund as of December 31, 2017. \$10,070 is due to the Police Plan at December 31, 2017. The 2017 MMO was based on the January 1, 2015 actuarial valuation.

3. Actuarial Valuation

Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2015. An unfunded actuarial accrued liability of \$211,884 existed as of January 1, 2015. The funded ratio of the Police Plan was 62.10%.

YEAR ENDED DECEMBER 31, 2017

PENSION DISCLOSURES

POLICE PENSION PLAN

TOWNSHIP OF KILBUCK