

# MaherDuessel

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March 25, 2019

Harry Dilmore  
Kilbuck Township  
343 Eicher Road  
Pittsburgh, PA 15237

Dear Harry:

We have enclosed 6 copies of the December 31, 2018 DCED report, 6 copies of the Management Letter, and 2 copies of the Legal Advertisement. All of these reports were also emailed to [harry@kilbucktownship.org](mailto: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 6 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

# **2018 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 2018 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, 2018 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, 2018, 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.

***Maher Duessel***

Pittsburgh, Pennsylvania  
March 25, 2019



**BALANCE SHEET**

DCED-CLGS-30 (09-09)

**KILBUCK TWP, ALLEGHENY County**  
**BALANCE SHEET**  
December 31, 2018

		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
Assets and Other Debits											
100-120	Cash and Investments	304,993	128,340			123,348		307,702			864,383
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)	484				509					993
130.00	Due From Other Funds					6,426		10,070			16,496
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets										
180-189	Other Debits									131,667	131,667
Total Assets and Other Debits		305,477	128,340			130,283		317,772		131,667	1,013,539
Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds	16,496									16,496

## BALANCE SHEET

December 31, 2018

		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										
240-259	Current Portion of Long-Term Debt and Other Credits									131,667	131,667
Total Liabilities and Other Credits		16,496								131,667	148,163

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	288,981	128,340			130,283		317,772		865,376
291-299	Other Equity									
<b>Total Fund and Account Group Equity</b>		288,981	128,340			130,283		317,772		865,376

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	1,013,539
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**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2018

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

**REVENUES**

Taxes								
301.00	Real Estate Taxes	355,687						355,687
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)	13,724						13,724
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	15,547						15,547
310.20	Earned Income Taxes / Wage Taxes	132,816						132,816
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	1,092						1,092
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
<b>Total Taxes</b>		518,866						518,866

Licenses and Permits								
320-322	All Other Licenses and Permits	10,004						10,004
321.80	Cable Television Franchise Fees	20,621						20,621
<b>Total Licenses and Permits</b>		30,625						30,625

Fines and Forfeits								
330-332	Fines and Forfeits	6,359						6,359
<b>Total Fines and Forfeits</b>		6,359						6,359

**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2018

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

**REVENUES**

Interest, Rents and Royalties							
341.00	Interest Earnings	1,085	684		1,088		19,916
342.00	Rents and Royalties	6,000					6,000
<b>Total Interest, Rents and Royalties</b>		7,085	684		1,088	17,059	25,916

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						
<b>Total Federal</b>							

State							
354.03	Highways and Streets	19,840					19,840
354.09	Community Development						
354.15	Recycling / Act 101						
354.00	All Other State Capital and Operating Grants						
355.01	Public Utility Realty Tax (PURTA)						
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		34,604				34,604
355.04	Alcoholic Beverage Licenses	450					450
355.05	General Municipal Pension System State Aid						
355.07	Foreign Fire Insurance Tax Distribution	5,064					5,064
355.08	Local Share Assessment/Gaming Proceeds						
355.09	Marcellus State Impact Fee Distribution	226					226



**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2018

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

**REVENUES**

State									
355.00	All Other State Shared Revenues and Entitlements								
356.00	State Payments in Lieu of Taxes								
	<b>Total State</b>	25,580	34,604						60,184

Local Government Units									
357.03	Highways and Streets								
357.00	All Other Local Governmental Units Capital and Operating Grants								
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services		18,032						18,032
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes								
	<b>Total Local Government Units</b>		18,032						18,032

Charges for Service									
361.00	General Government	1,083							1,083
362.00	Public Safety								
363.20	Parking								
363.00	All Other Charges for Highway & Street Services								
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)					100,655			100,655
364.30	Solid Waste Collection and Disposal Charge (trash)								
364.60	Host Municipality Benefit Fee for Solid Waste Facility								
364.00	All Other Charges for Sanitation Services								
365.00	Health								
366.00	Human Services								
367.00	Culture and Recreation								
368.00	Airports								

## KILBUCK TWP, ALLEGHENY County

## STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

**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						
<b>Total Charges for Service</b>		1,083			100,655		101,738

Unclassified Operating Revenues							
383.00	Special Assessments						
386.00	Escheats (sale of personal property)						
387.00	Contributions and Donations from Private Sectors	204					204
388.00	Fiduciary Fund Pension Contributions					28,715	28,715
389.00	All Other Unclassified Operating Revenues				675		675
<b>Total Unclassified Operating Revenues</b>		204			675	28,715	29,594

Other Financing Sources							
391.00	Proceeds of General Fixed Asset Disposition						
392.00	Interfund Operating Transfers	120,000					120,000
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, 2018

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

**REVENUES**

Other Financing Sources							
395.00	Refunds of Prior Year Expenditures						
	<b>Total Other Financing Sources</b>	120,000					120,000

**TOTAL REVENUES**

709,802	53,320			102,418		45,774	911,314
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**EXPENDITURES**

General Government							
400.00	Legislative (Governing) Body	11,047					11,047
401.00	Executive (Manager or Mayor)						
402.00	Auditing Services / Financial Administration	18,249					18,249
403.00	Tax Collection	7,415					7,415
404.00	Solicitor / Legal Services	16,479					16,479
405.00	Secretary / Clerk	57,581					57,581
406.00	Other General Government Administration	426					426
407.00	IT-Networking Services-Data Processing						
408.00	Engineering Services	49,408					49,408
409.00	General Government Buildings and Plant	34,802					34,802
	<b>Total General Government</b>	195,407					195,407

**Public Safety**

410.00	Police	91,116					91,116
411.00	Fire	32,155					32,155
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	7,196					7,196

**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
December 31, 2018

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						
<b>Total Public Safety</b>		130,467					130,467

Health and Human Services							
420.00-425.00	Health and Human Services	95					95
<b>Total Health and Human Services</b>		95					95

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	2,844			69,132		71,976
<b>Total Public Works - Sanitation</b>		2,844			69,132		71,976

Public Works - Highways and Streets							
430.00	General Services - Administration						
431.00	Cleaning of Streets and Gutters						
432.00	Winter Maintenance – Snow Removal	22,100					22,100
433.00	Traffic Control Devices	1,443					1,443
434.00	Street Lighting						

**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
December 31, 2018

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	172,813					172,813
439.00	Highway Construction and Rebuilding Projects						
<b>Total Public Works - Highways and Streets</b>		196,356					196,356

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						
<b>Total Other Public Works Enterprises</b>							

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

**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
December 31, 2018

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**

Culture and Recreation							
455.00	Shade Trees						
456.00	Libraries						
457.00	Civil and Military Celebrations	201					201
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
Total Culture and Recreation		201					201

Community Development							
461.00	Conservation of Natural Resources						
462.00	Community Development and Housing						
463.00	Economic Development						
464.00	Economic Opportunity						
465-469	All Other Community Development						
Total Community Development							

Debt Service							
471.00	Debt Principal (short-term and long-term)	125,438					125,438
472.00	Debt Interest (short-term and long-term)	11,488					11,488
475.00	Fiscal Agent Fees	938				26	964
Total Debt Service		137,864				26	137,890

Employer Paid Benefits and Withholding Items							
481.00	Employer Paid Withholding Taxes and Unemployment Compensation						
482.00	Judgments and Losses					29,348	29,348
483.00	Pension / Retirement Fund Contributions	29,065					29,065

**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
December 31, 2018

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						
<b>Total Employer Paid Benefits and Withholding Items</b>		29,065				29,348	58,413

**Insurance**

486.00	Insurance, Casualty, and Surety	11,336					11,336
<b>Total Insurance</b>		11,336					11,336

**Unclassified Operating Expenditures**

488.00	Fiduciary Fund Benefits and Refunds Paid					48,563	48,563
489.00	All Other Unclassified Expenditures	7,139				150	7,289
<b>Total Unclassified Operating Expenditures</b>		7,139				48,713	55,852

**Other Financing Uses**

491.00	Refund of Prior Year Revenues	3,202					3,202
492.00	Interfund Operating Transfers					120,000	120,000
493.00	All Other Financing Uses						
<b>Total Other Financing Uses</b>		3,202				120,000	123,202

**TOTAL EXPENDITURES**

713,976					189,158	78,061	981,195
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**EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES**

-4,174	53,320				-86,740	-32,267	-69,881
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## KILBUCK TWP

December 31, 2018

## 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	257,105		125,438		131,667		131,667
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	131,667
Capitalized lease obligations	0
Net debt	131,667



**KILBUCK TWP, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2018

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government		9,200	9,200
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways		86,888	86,888
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>		96,088	96,088

**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, 2018

**NOTES / COMMENTS**

# **TOWNSHIP OF KILBUCK**

## **POLICE PENSION PLAN**

### **PENSION DISCLOSURES**

**YEAR ENDED DECEMBER 31, 2018**

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#### **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 2018 was \$28,715. The MMO was paid from the General Fund as of December 31, 2018. \$10,070 of the 2017 MMO is still due to the Police Plan at December 31, 2018. The 2018 MMO was based on the January 1, 2015 actuarial valuation.

# **TOWNSHIP OF KILBUCK**

## **POLICE PENSION PLAN**

### **PENSION DISCLOSURES**

YEAR ENDED DECEMBER 31, 2018

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### **3. Actuarial Valuation**

Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2017.

An unfunded actuarial accrued liability of \$216,624 existed as of January 1, 2017. The funded ratio of the Police Plan was 61.30%.