



# **Annual Audit and Financial Report**

City of \_\_\_\_\_ County

Borough of \_\_\_\_\_ County

Township of Kilbuck Allegheny County

Municipality of \_\_\_\_\_ County

**for the year  
2012**

### **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 (the Schedules) included in the 2012 Annual Audit and Financial Report of the Township of Kilbuck (Township).

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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 financial statements 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 component unit financial information, without

Board of Supervisors  
Township of Kilbuck  
Independent Auditor's Report

government-wide financial statements, without Management's Discussion and Analysis, and without budgetary comparisons, and require all funds to be aggregated by fund type on the Schedules.

The effects on the financial statements 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 financial statements 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, 2012 and the results of its operations for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the Township as of December 31, 2012, 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.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the Schedules of the Township. The pension information on pages 19-23 is presented for purposes of additional analysis and is not a required part of the Schedules. The information has 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 it.

***Maheer Duessel***

Pittsburgh, Pennsylvania  
February 28, 2013

# **BALANCE SHEET** December 31, 2012

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
100-120 Cash and Investments.....	62,558	63,548	-	-
140-144 Tax Receivable.....	-	-	-	-
121-129 Account Receivable (excluding taxes).....	-	-	-	-
145-149 Due From Other Funds.....	-	-	-	-
130 Other Current Assets.....	-	-	-	-
131-139 Fixed Assets.....	-	-	-	-
150-159 Other Debits.....	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS.....</b>	<b>\$ 62,558</b>	<b>\$ 63,548</b>	<b>\$ -</b>	<b>\$ -</b>

LIABILITIES AND OTHER CREDITS				
210-229 Payroll Taxes and Other Payroll Withholdings.....	-	-	-	-
200-209 All Other Current Liabilities.....	-	-	-	-
231-239 Due to Other Funds.....	-	-	-	-
230 Long-Term Liabilities.....	-	-	-	-
260-269 Current Portion of Long-Term Debt & Other Credits.....	-	-	-	-
<b>TOTAL LIABILITIES AND OTHER CREDITS.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FUND AND ACCOUNT GROUP EQUITY				
281-284 Contributed Capital.....	-	-	-	-
290 Investment in General Fixed Assets.....	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31.....	62,558	63,548	-	-
291-299 Other Equity.....	-	-	-	-
<b>TOTAL FUND ACCOUNT GROUP EQUITY.....</b>	<b>\$ 62,558</b>	<b>\$ 63,548</b>	<b>\$ -</b>	<b>\$ -</b>

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

	PROPRIETARY FUNDS		FIDUCIARY FUNDS	ACCOUNTS GROUPS		TOTAL
	Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>ASSETS AND OTHER DEBITS</b>						
100-120 Cash and Investments.....	25,582	-	336,213	-	-	487,901
140-144 Tax Receivable.....	-	-	-	-	-	-
121-129 Account Receivable (excluding taxes).....	-	-	-	-	-	-
145-149	-	-	-	-	-	-
130 Due From Other Funds.....	-	-	-	-	-	-
131-139 Other Current Assets.....	-	-	-	-	-	-
150-159	-	-	-	-	-	-
160-169 Fixed Assets.....	-	-	-	-	-	-
180-189 Other Debits.....	-	-	-	-	848,653	848,653
<b>TOTAL ASSETS AND OTHER DEBITS.....</b>	<b>\$ 25,582</b>	<b>\$ -</b>	<b>\$ 336,213</b>	<b>\$ -</b>	<b>\$ 848,653</b>	<b>\$ 1,336,554</b>

<b>LIABILITIES AND OTHER CREDITS</b>						
210-229 Payroll Taxes and Other Payroll Withholdings.....	-	-	-	-	-	-
200-209 All Other Current Liabilities.....	-	-	-	-	-	-
231-239	-	-	-	-	-	-
230 Due to Other Funds.....	-	-	-	-	716,165	716,165
260-269 Long-Term Liabilities.....	-	-	-	-	132,488	132,488
240-259 Current Portion of Long-Term Debt & Other Credits.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND OTHER CREDITS.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 848,653</b>	<b>\$ 848,653</b>

<b>FUND AND ACCOUNT GROUP EQUITY</b>						
281-284 Contributed Capital.....	-	-	-	-	-	-
290 Investment in General Fixed Assets.....	-	-	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31.....	25,582	-	336,213	-	-	487,901
291-299 Other Equity.....	-	-	-	-	-	-
<b>TOTAL FUND ACCOUNT GROUP EQUITY.....</b>	<b>\$ 25,582</b>	<b>\$ -</b>	<b>\$ 336,213</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 487,901</b>

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY.....</b>	<b>\$ 1,336,554</b>					
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Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

## STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>TAXES</b>					
301.00 Real Estate Taxes.....	282,807	-	-	-	-
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).....	14,451	-	-	-	-
310.00 Per Capita Taxes.....	-	-	-	-	-
310.10 Real Estate Transfer Taxes.....	14,327	-	-	-	-
310.20 Earned Income Taxes/Wage Taxes.....	112,147	-	-	-	-
310.30 Business Gross Receipts Taxes.....	-	-	-	-	-
310.40 Occupation Taxes (levied under Act 511).....	-	-	-	-	-
310.50 Local Services Taxes**.....	88	-	-	-	-
310.60 Amusement/Admission Taxes.....	-	-	-	-	-
310.70 Mechanical Device Taxes.....	-	-	-	-	-
310.90 Other Local Tax Enabling Act/Act511/Taxes	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<b>TOTAL TAXES.....</b>	<b>\$ 423,820</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### LICENSES & PERMITS

320-322 All Other Licenses and Permits.....	7,171	-	-	-
321.80 Cable Television Franchise Fees.....	13,064	-	-	-
<b>TOTAL LICENSES &amp; PERMITS.....</b>	<b>\$ 20,235</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### FINES & FORFEITS

330-332 Fines and Forfeits.....	12,340	-	-	-
<b>TOTAL FINES &amp; FORFEITS.....</b>	<b>\$ 12,340</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### INTEREST, RENTS, & ROYALTIES

341.00 Interest Earnings.....	11	18	-	-
342.00 Rents and Royalties.....	-	-	-	-
<b>TOTAL INTEREST, RENTS, &amp; ROYALTIES.....</b>	<b>\$ 11</b>	<b>\$ 18</b>	<b>\$ -</b>	<b>\$ -</b>

\*\* This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

DCED-CLGS-30 (10-12)

2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>TAXES</b>					
301.00	Real Estate Taxes.....	-	-	-	282,807
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).....	-	-	-	14,451
310.00	Per Capita Taxes.....	-	-	-	-
310.10	Real Estate Transfer Taxes.....	-	-	-	14,327
310.20	Earned Income Taxes/Wage Taxes.....	-	-	-	112,147
310.30	Business Gross Receipts Taxes.....	-	-	-	-
310.40	Occupation Taxes (levied under Act 511).....	-	-	-	-
310.50	Local Services Taxes**.....	-	-	-	88
310.60	Amusement/Admission Taxes.....	-	-	-	-
310.70	Mechanical Device Taxes.....	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511/Taxes.....	-	-	-	-
	.....	-	-	-	-
	.....	-	-	-	-
	.....	-	-	-	-
<b>TOTAL TAXES.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 423,820</b>

**LICENSES & PERMITS**

320-322	All Other Licenses and Permits.....	-	-	-	7,171
321.80	Cable Television Franchise Fees.....	-	-	-	13,064
<b>TOTAL LICENSES &amp; PERMITS.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,235</b>

**FINES & FORFEITS**

330-332	Fines and Forfeits.....	-	-	-	12,340
<b>TOTAL FINES &amp; FORFEITS.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,340</b>

**INTEREST, RENTS, & ROYALTIES**

341.00	Interest Earnings.....	15	-	40,821	40,865
342.00	Rents and Royalties.....	-	-	-	-
<b>TOTAL INTEREST, RENTS, &amp; ROYALTIES.....</b>		<b>\$ 15</b>	<b>\$ -</b>	<b>\$ 40,821</b>	<b>\$ 40,865</b>

\*\* This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>FEDERAL</b>					
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 & Entitlements.....	-	-	-	-
353.00	Federal Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL FEDERAL.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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 (PURTA).....	-	-	-	-
355.02-	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road				
355.03	Turnback.....	-	23,057	-	-
355.04	Alcoholic Beverage Licenses.....	1,150	-	-	-
355.05	General Municipal Pension System State Aid.....	-	-	-	-
355.07	Foreign Fire Insurance Tax Distribution.....	4,797	-	-	-
355.08	Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution.....	31	-	-	-
355.00	All Other Shared Revenues & Entitlements.....	-	-	-	-
356.00	State Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL STATE.....</b>		<b>\$ 5,978</b>	<b>\$ 23,057</b>	<b>\$ -</b>	<b>\$ -</b>

**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.....	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL LOCAL GOVERNMENT UNITS.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>FEDERAL</b>					
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 & Entitlements.....	-	-	-	-
353.00	Federal Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL FEDERAL</b> .....		\$ -	\$ -	\$ -	\$ -

**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 (PURTA).....	-	-	-	-
355.02-	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State				
355.03	Road Turnback.....	-	-	-	23,057
355.04	Alcoholic Beverage Licenses.....	-	-	-	1,150
355.05	General Municipal Pension System State Aid.....	-	-	-	-
355.07	Foreign Fire Insurance Tax Distribution.....	-	-	-	4,797
355.08	Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution	-	-	-	31
355.00	All Other Shared Revenues & Entitlements.....	-	-	-	-
356.00	State Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL STATE</b> .....		\$ -	\$ -	\$ -	\$ 29,035

**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.....	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL LOCAL GOVERNMENT UNITS</b> .....		\$ -	\$ -	\$ -	\$ -

**TOTAL INTERGOVERNMENTAL REVENUES**.....

\$ 29,035

DCED-CLGS-30 (10-12)  
2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>CHARGES FOR SERVICE</b>					
361.00	General Government.....	900	-	-	-
362.00	Public Safety.....	-	-	-	-
363.20	Parking.....	-	-	-	-
363.00	All Other Charges for Highway & Streets Services.....	-	-	-	-
364.10	Wastewater/Sewage Charges.....	-	-	-	-
364.30	Solid Waste Collection & 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.....	-	-	-	-
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>		<b>\$ 900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**UNCLASSIFIED OPERATING REVENUES**

383.00	Special Assessments.....	-	-	-	-
386.00	Escheats (sale of personal property).....	-	-	-	-
387.00	Contributions & Donations from Private Sectors.....	2,575	-	-	-
388.00	Fiduciary Fund Pension Contributions.....				
389.00	All Other Unclassified Operating Revenues ***.....	-	-	-	-
<b>TOTAL UNCLASSIFIED OPERATING REVENUES.....</b>		<b>\$ 2,575</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**OTHER FINANCING SOURCES**

391.00	Proceeds of General Fixed Asset Disposition.....	-	-	-	-
392.00	Interfund Operating Transfers**.....	14,158	-	-	-
393.00	Proceeds of General Long-Term Debt.....	-	-	-	-
394.00	Proceeds of Short-Term Debt.....	-	-	-	-
395.00	Refunds of Prior Year Expenditures.....	9,975	-	-	-
<b>TOTAL OTHER FINANCING SOURCES.....</b>		<b>\$ 24,133</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL REVENUES.....</b>	<b>\$ 489,992</b>	<b>\$ 23,075</b>	<b>\$ -</b>	<b>\$ -</b>
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\*This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>CHARGES FOR SERVICE</b>				
361.00 General Government.....	-	-	-	900
362.00 Public Safety.....	-	-	-	-
363.20 Parking.....	-	-	-	-
363.00 All Other Charges for Highway & Streets Services.....	-	-	-	-
364.10 Wastewater/Sewage Charges.....	34,165	-	-	34,165
364.30 Solid Waste Collection & Disposal Charge (trash).....	-	-	-	-
364.60 Host Municipality Benefit Fee for Solid Waste Facility.....	-	-	-	-
364.00 All Other Charges for Sanitation Services.....	5,955	-	-	5,955
365.00 Health.....	-	-	-	-
366.00 Human Services.....	-	-	-	-
367.00 Culture and Recreation.....	-	-	-	-
368.00 Airports.....	-	-	-	-
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>	<b>\$ 40,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,020</b>

**UNCLASSIFIED OPERATING REVENUES**

383.00 Special Assessments.....	-	-	-	-
386.00 Escheats (sale of personal property).....	-	-	-	-
387.00 Contributions & Donations from Private Sectors.....	-	-	-	2,575
388.00 Fiduciary Fund Pension Contributions.....	-	-	-	-
389.00 All Other Unclassified Operating Revenues ***.....	-	-	-	-
<b>TOTAL UNCLASSIFIED OPERATING REVENUES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,575</b>

**OTHER FINANCING SOURCES**

391.00 Proceeds of General Fixed Asset Disposition.....	-	-	-	-
392.00 Interfund Operating Transfers**.....	9,000	-	-	23,168
393.00 Proceeds of General Long-Term Debt.....	-	-	-	-
394.00 Proceeds of Short-Term Debt.....	-	-	-	-
395.00 Refunds of Prior Year Expenditures.....	-	-	-	9,975
<b>TOTAL OTHER FINANCING SOURCES.....</b>	<b>\$ 9,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,133</b>

<b>TOTAL REVENUES.....</b>	<b>\$ 49,135</b>	<b>\$ -</b>	<b>\$ 40,821</b>	<b>\$ 603,023</b>
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\*This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

DCED-CLGS-30 (10-12)  
2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>GENERAL GOVERNMENT</b>					
400.00	Legislative (Governing) Body.....	9,985	-	-	-
401.00	Executive (Manager or Mayor).....	-	-	-	-
402.00	Auditing Services/Financial Administration.....	11,418	-	-	-
403.00	Tax Collection.....	2,145	-	-	-
404.00	Solicitor/Legal Services.....	34,153	-	-	-
405.00	Secretary/Clerk.....	836	-	-	-
406.00	Other General Government Administration.....	29,000	-	-	-
407.00	IT-Networking Services-Data Processing.....	-	-	-	-
408.00	Engineering Services.....	33,609	-	-	-
409.00	General Government Buildings and Plant.....	13,201	-	-	-
<b>TOTAL GENERAL GOVERNMENT.....</b>		<b>\$ 134,347</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PUBLIC SAFETY**

410.00	Police.....	97,577	-	-	-
411.00	Fire .....	39,234	-	-	-
412.00	Ambulance/Rescue.....	-	-	-	-
413.00	UCC and Code Enforcement.....	3,460	-	-	-
414.00	Planning and Zoning.....	-	-	-	-
415.00	Emergency Management & Communications.....	2,398	-	-	-
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>		<b>\$ 142,669</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**HEALTH AND HUMAN SERVICES**

420.00- 425.00	Health and Human Services.....	548	-	-	-
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**PUBLIC WORKS - SANITATION**

426.00	Recycling Collection and Disposal.....	-	-	-	-
427.00	Solid Waste Collection and Disposal (trash).....	-	-	-	-
428.00	Weed Control.....	-	-	-	-
429.00	Wastewater/Sewage Collection & Treatment.....	-	-	-	-
<b>TOTAL PUBLIC WORKS - SANITATION.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>GENERAL GOVERNMENT</b>				
400.00 Legislative (Governing) Body.....	-	-	-	9,985
401.00 Executive (Manager or Mayor).....	-	-	-	-
402.00 Auditing Services/Financial Administration.....	-	-	-	11,418
403.00 Tax Collection.....	115	-	-	2,260
404.00 Solicitor/Legal Services.....	-	-	-	34,153
405.00 Secretary/Clerk.....	-	-	-	836
406.00 Other General Government Administration.....	-	-	-	29,000
407.00 IT-Networking Services-Data Processing.....	-	-	-	-
408.00 Engineering Services.....	2,692	-	-	36,301
409.00 General Government Buildings and Plant.....	-	-	-	13,201
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>\$ 2,807</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 137,154</b>

<b>PUBLIC SAFETY</b>				
410.00 Police.....	-	-	-	97,577
411.00 Fire .....	-	-	-	39,234
412.00 Ambulance/Rescue.....	-	-	-	-
413.00 UCC and Code Enforcement.....	-	-	-	3,460
414.00 Planning and Zoning.....	-	-	-	-
415.00 Emergency Management & Communications.....	-	-	-	2,398
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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142,669</b>

<b>HEALTH AND HUMAN SERVICES</b>				
420.00-425.00 Health and Human Services.....	-	-	-	548

<b>PUBLIC WORKS - SANITATION</b>				
426.00 Recycling Collection and Disposal.....	-	-	-	-
427.00 Solid Waste Collection and Disposal (trash).....	-	-	-	-
428.00 Weed Control.....	-	-	-	-
429.00 Wastewater/Sewage Collection & Treatment.....	41,484	-	-	41,484
<b>TOTAL PUBLIC WORKS - SANITATION.....</b>	<b>\$ 41,484</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,484</b>

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>				
430.00 General Services - Administration.....	-	-	-	-
431.00 Cleaning of Streets and Gutters.....	-	-	-	-
432.00 Winter Maintenance - Snow Removal.....	26,133	-	-	-
433.00 Traffic Control Devices.....	1,345	-	-	-
434.00 Street Lighting.....	1,716	-	-	-
435.00 Sidewalks and Crosswalks.....	-	-	-	-
436.00 Storm Sewers and Drains.....	-	-	-	-
437.00 Repairs of Tools and Machinery.....	-	-	-	-
438.00 Maintenance & Repairs of Roads & Bridges.....	46,450	-	-	-
439.00 Highway Construction and Rebuilding Projects.....	-	-	-	-
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS.....</b>	<b>\$ 75,644</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>PUBLIC WORKS - OTHER SERVICES</b>				
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 PUBLIC WORKS - OTHER SERVICES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>CULTURE AND RECREATION</b>				
451.00 Culture - Recreation Administration.....	-	-	-	-
452.00 Participant Recreation.....	-	-	-	-
453.00 Spectator Recreation.....	-	-	-	-
454.00 Parks.....	-	-	-	-
455.00 Shade Trees.....	-	-	-	-
456.00 Libraries.....	-	-	-	-
457.00 Civil and Military Celebrations.....	-	-	-	-
458.00 Senior Citizens' Centers.....	-	-	-	-
450.00 All Other Culture and Recreation.....	-	-	-	-
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>COMMUNITY DEVELOPMENT</b>				
461.00 Conservation of Natural Resources.....	-	-	-	-
462.00 Community Development and Housing.....	-	-	-	-
463.00 Economic Development.....	-	-	-	-
464.00 Economic Opportunity.....	-	-	-	-
465.00- All Other Community Development.....	-	-	-	-
<b>TOTAL COMMUNITY DEVELOPMENT.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>				
430.00 General Services - Administration.....	-	-	-	-
431.00 Cleaning of Streets and Gutters.....	-	-	-	-
432.00 Winter Maintenance - Snow Removal.....	-	-	-	26,133
433.00 Traffic Control Devices.....	-	-	-	1,345
434.00 Street Lighting.....	-	-	-	1,716
435.00 Sidewalks and Crosswalks.....	-	-	-	-
436.00 Storm Sewers and Drains.....	-	-	-	-
437.00 Repairs of Tools and Machinery.....	-	-	-	-
438.00 Maintenance & Repairs of Roads & Bridges.....	-	-	-	46,450
439.00 Highway Construction and Rebuilding Projects.....	-	-	-	-
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,644</b>

**PUBLIC WORKS - OTHER SERVICES**

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 PUBLIC WORKS - OTHER SERVICES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CULTURE AND RECREATION**

451.00 Culture - Recreation Administration.....	-	-	-	-
452.00 Participant Recreation.....	-	-	-	-
453.00 Spectator Recreation.....	-	-	-	-
454.00 Parks.....	-	-	-	-
455.00 Shade Trees.....	-	-	-	-
456.00 Libraries.....	-	-	-	-
457.00 Civil and Military Celebrations.....	-	-	-	-
458.00 Senior Citizens' Centers.....	-	-	-	-
459.00 All Other Culture and Recreation.....	-	-	-	-
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COMMUNITY DEVELOPMENT**

461.00 Conservation of Natural Resources.....	-	-	-	-
462.00 Community Development and Housing.....	-	-	-	-
463.00 Economic Development.....	-	-	-	-
464.00 Economic Opportunity.....	-	-	-	-
465.00- All Other Community Development.....	-	-	-	-
<b>TOTAL COMMUNITY DEVELOPMENT.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>DEBT SERVICE</b>					
471.00	Debt Principal (short-term and long-term).....	114,642	-	-	-
472.00	Debt Interest (short-term and long-term).....	41,270	-	-	-
475.00	Fiscal Agent Fees.....	-	-	-	-
<b>TOTAL DEBT SERVICE.....</b>		<b>\$ 155,912</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS**

481.00	Employer Paid Withholding Taxes and Unemployment Compensation.....	-	-	-	-
482.00	Judgments and Losses.....	-	-	-	-
483.00	Pension/Retirement Fund Contributions.....	-	-	-	-
484.00	Worker Compensation Insurance.....	-	-	-	-
487.00	Group Insurance and Other Benefits.....	-	-	-	-
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**INSURANCE**

486.00	Insurance, Casualty, and Surety.....	8,447	-	-	-
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**UNCLASSIFIED OPERATING EXPENDITURES**

488.00	Fiduciary Fund Benefits and Refunds Paid.....	-	-	-	-
489.00	All Other Unclassified Expenditures ***.....	-	-	-	-
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**OTHER FINANCING USES**

491.00	Refund of Prior Year Revenues.....	-	-	-	-
492.00	Interfund Operating Transfers**.....	9,000	14,158	-	-
493.00	All Other Financing Uses.....	-	-	-	-
<b>TOTAL OTHER FINANCING USES.....</b>		<b>\$ 9,000</b>	<b>\$ 14,158</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL EXPENDITURES.....</b>		<b>\$ 526,567</b>	<b>\$ 14,158</b>	<b>\$ -</b>	<b>\$ -</b>
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**EXCESS/DEFICIT OF REVENUES**

<b>OVER EXPENDITURES.....</b>		<b>\$ (36,575)</b>	<b>\$ 8,917</b>	<b>\$ -</b>	<b>\$ -</b>
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\*\* The total of line 492.00 must match the total of line 392.00

\*\*\*This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.



## 2012 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT/STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>DEBT SERVICE</b>				
471.00 Debt Principal (short-term and long-term).....	13,298	-	-	127,938
472.00 Debt Interest (short-term and long-term).....	1,466	-	-	42,736
475.00 Fiscal Agent Fees.....	8	-	-	8
<b>TOTAL DEBT SERVICE.....</b>	<b>\$ 14,770</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,682</b>

**EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS**

481.00 Employer Paid Withholding Taxes and Unemployment Compensation.....	-	-	-	-
482.00 Judgments and Losses.....	-	-	-	-
483.00 Pension/Retirement Fund Contributions.....	-	-	-	-
484.00 Worker Compensation Insurance.....	-	-	-	-
487.00 Group Insurance and Other Benefits.....	-	-	-	-
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**INSURANCE**

486.00 Insurance, Casualty, and Surety.....	-	-	-	8,447
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**UNCLASSIFIED OPERATING EXPENDITURES**

488.00 Fiduciary Fund Benefits and Refunds Paid.....			51,526	51,526
489.00 All Other Unclassified Expenditures ***.....	-	-	-	-
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,526</b>	<b>\$ 51,526</b>

**OTHER FINANCING USES**

491.00 Refund of Prior Year Revenues.....	-	-	-	-
492.00 Interfund Operating Transfers**.....	-	-	-	23,158
493.00 All Other Financing Uses.....	-	-	-	-
<b>TOTAL OTHER FINANCING USES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,158</b>

<b>TOTAL EXPENDITURES.....</b>	<b>\$ 59,061</b>	<b>\$ -</b>	<b>\$ 51,526</b>	<b>\$ 651,312</b>
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**EXCESS/DEFICIT OF REVENUES**

<b>OVER EXPENDITURES.....</b>	<b>\$ (9,926)</b>	<b>\$ -</b>	<b>\$ (10,705)</b>	<b>\$ (48,289)</b>
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\*\* The total of line 492.00 must match the total of line 392.00

\*\*\*This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

[illegible]

CATEGORY:	Capital Purchases	Capital Construction	Total
Electric.....			-
Fire.....			-
Gas System.....			"
General Government.....			-
Health.....			"
Housing.....			-
Libraries.....			"
Mass Transit.....			-
Parks.....			-
Police.....			-
Recreation.....			-
Sewer.....			-
Solid Waste.....			-
Streets/Highways.....			"
Water.....			-
Other (Please specify)			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
_____ .....			-
TOTAL CAPITAL EXPENDITURES*	-	-	-

\$ \_\_\_\_\_

\* Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment).

**EMPLOYEE COMPENSATION**

**EMPLOYEE COMPENSATION:**

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

\*\* Use income from box 16 of the W-3 Statement

## **Other Information**

# TOWNSHIP OF KILBUCK

## POLICE PENSION PLAN

### PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2012

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#### 1. PLAN DESCRIPTION

The Township of Kilbuck (Township), Pennsylvania, sponsors one pension plan, the Police Pension Plan (Police Plan).

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. All pre-Act 600 participants are eligible for retirement benefits provided they have completed 16 years of aggregate service as a full-time Township employee and have attained the age of 55. Post-Act 600 hires are eligible provided they have completed 25 years of aggregate service and have attained the age of 55. Pre-Act 600 participants of the Police Plan are entitled to a vested deferred benefit after five years of service. Post-Act 600 participants of the Police Plan are entitled to a vested deferred benefit after 12 years of service. The monthly Police Plan benefit for pre-Act 600 participants is based on 70% of the participant's average compensation earned during the final 12 months of employment or 85% if payments commence at age 59 or after. The monthly Police Plan benefit for post-Act 600 is based on 50% of the participant's final 60 months average compensation. "Average compensation" is the salary averaged over the final 60-month period prior to retirement or other severance.

Per the latest available actuarial information, January 1, 2011, employee membership data related to the Police Plan was as follows:

	Police
Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to, but not yet receiving benefits	1
Active plan participants:	
Vested	-
Nonvested	-
Total	3

There are no longer any active participants in the Police Plan, as the Township disbanded its police force during 2007.

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# **TOWNSHIP OF KILBUCK**

## **POLICE PENSION PLAN**

### **PENSION DISCLOSURES**

**YEAR ENDED DECEMBER 31, 2012**

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#### **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.

There was no Minimum Municipal Obligation (MMO) for the Police Plan in 2012.

#### **3. LOCATION OF HISTORICAL TREND DATA**

Historical trend information related to the Police Plan is presented as other information. This data provides information about the progress made by the Police Plan in accumulating sufficient assets to pay benefits when due.

#### **4. ACTUARIAL VALUATION**

Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2011.

# TOWNSHIP OF KILBUCK

## SCHEDULE OF FUNDING PROGRESS

### POLICE PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess of Assets Over (Under) AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
1/1/07	\$ 513,438	\$ 726,954	\$ (213,516)	70.63%	\$ 131,695	-162.13%
1/1/09	438,286	577,537	(139,251)	75.89%	-	n/a
1/1/11	409,395	566,377	(156,982)	72.28%	-	n/a

Note: State law requires biennial valuations on the odd-numbered years.

n/a = not applicable

See accompanying note to pension schedules.

# TOWNSHIP OF KILBUCK

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

### POLICE PENSION PLAN

<u>Calendar Year</u>	<u>Annual Required Contributions</u>	<u>Actual Contribution Made</u>	<u>Percentage Contributed</u>
2007	\$ 41,887	\$ 41,887	100.00%
2008	31,246	31,246	100.00%
2009	28,503	28,503	100.00%
2010	-	-	n/a
2011	-	-	n/a
2012	-	-	n/a

Note: Contributions include state pension aid

See accompanying note to pension schedules.



# TOWNSHIP OF KILBUCK

## POLICE PENSION PLAN

### NOTE TO PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2012

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The information presented in the pension schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Police</u>
Actuarial valuation date	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	N/A

\* No active participants

**MaherDuessel**  
Certified Public Accountants

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Butler, PA 16001  
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Fax 724.285.6875

*Communication to Those Charged with Governance*

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 (Schedules) included in the Annual Audit and Financial Report of the Township of Kilbuck (Township), Pennsylvania, as of and for the year ended December 31, 2012, as described in the instructions provided by the Pennsylvania Department of Community and Economic Development (DCED), and have issued our report thereon dated February 28, 2013. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our conversation with Jean-Sebastien Valois about planning matters on January 30, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated February 3, 2012 our responsibility, as described by professional standards, is to express an opinion about whether the Schedules prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting practices and procedures prescribed or permitted by the DCED, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our audit of the Schedules does not relieve you or management of your responsibilities.

In addition, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the Schedules are free of material misstatement. As part of our audit, we considered the internal control of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township correspond with the DCED basis of reporting. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Schedules in the proper period.

#### Accounting Estimates

Accounting estimates are an integral part of the Schedules prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the Schedules and because of the possibility that future events affecting them may differ significantly from those expected. We noted no sensitive estimates affecting the Schedules.

#### Disclosures

The Schedules were prepared without disclosures as permitted by the DCED.

#### Other Information

With respect to the other information accompanying the Schedules, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting practices and procedures prescribed or permitted by the DCED, which is a regulatory basis of accounting; the method of preparing it has not changed from the prior period. We compared and reconciled the other information to the Act 205 actuarial valuation report.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to the Schedules taken as a whole, were corrected by management. A summary of these adjustments is attached to this letter.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedules or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's Schedules or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues

We understand that there was a lawsuit that was settled in December 2012 that required the Township to pay a former employee \$15,000; from our discussions with management, we noted that this payment was made, to satisfy this requirement of the court order, in January 2013.

In addition, the Township has a number of deficiencies in internal control which have been determined to be material weaknesses. These items are described in detail in our separately issued management letter dated February 28, 2013.

\* \* \* \* \*

This information is intended solely for the information and use of the Board of Supervisors and management of the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mahek Duessel*

Pittsburgh, Pennsylvania  
February 28, 2013

Client: Kilbuck Township  
Engagement: 2012 - Kilbuck Township  
Period Ending: 12/31/2012  
Trial Balance:  
Worksheet: Summary of Adjustments to General Fund

Account	Description	W/P Ref	Debit	Credit
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#### Adjusting Journal Entry

To roll fund balance

278.000	Opening Balance Equity		1,181.00	
101.000	General Fund DDA - Fidelity			1,181.00
<b>Total</b>			<u>1,181.00</u>	<u>1,181.00</u>

#### Adjusting Journal Entry

To correct transfers based on g/l detail - incorrectly recording transfers between bank accounts in transfer accounts

392.083	Transfer from Fidelity GF DDA		159,926.00	
492.082	Transfer to Other Funds			159,926.00
<b>Total</b>			<u>159,926.00</u>	<u>159,926.00</u>

#### Adjusting Journal Entry

To reclassify real estate transfer tax - misclassified in Per Capita and RAD

310.000	LOCAL ENABLING TAXES		112.00	
355.020	Regional Asset District		1,547.00	
355.020	Regional Asset District		2,328.00	
355.020	Regional Asset District		2,418.00	
310.100	Real Estate Transfer Taxes			112.00
310.100	Real Estate Transfer Taxes			6,293.00
<b>Total</b>			<u>6,405.00</u>	<u>6,405.00</u>

#### Adjusting Journal Entry

To correct RAD revenue and eliminate pension revenue

355.120	Police Pension MMO		1,100.00	
355.122	1% County Sales Tax			1,100.00
<b>Total</b>			<u>1,100.00</u>	<u>1,100.00</u>

#### Adjusting Journal Entry

To reclass Act 13 revenue out of misc

380.100	Administrative Office Misc		31.00	
355.009	Act 13 - Marcellus Shale Impact fee			31.00
<b>Total</b>			<u>31.00</u>	<u>31.00</u>

#### Adjusting Journal Entry

To correctly record Alcoholic Beverage Licenses revenue for Mark's Tavern

321.730	Mechanical Devices		700.00	
355.080	Alcohol Beverage Licenses			700.00
<b>Total</b>			<u>700.00</u>	<u>700.00</u>

Client: Kilbuck Township  
Engagement: 2012 - Kilbuck Township  
Period Ending: 12/31/2012  
Trial Balance:  
Workpaper: Summary of Adjustments to Sewer Fund

Account	Description	W/P Ref	Debit	Credit
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#### Adjusting Journal Entry

To reclass principal portion of PennVEST debt payments

491.200	ACH Payment		13,296.00	
472.300	Pennvest Loan Interest			13,296.00
Total			<u>13,296.00</u>	<u>13,296.00</u>

Client: *Kilbuck Township*  
 Engagement: *2012 - Kilbuck Township*  
 Period Ending: *12/31/2012*  
 Trial Balance:  
 Workpaper: *Summary of Adjustments to Highway Aid Fund*

Account	Description	W/P Ref	Debit	Credit
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# Adjusting Journal Entry

To correct interfunds

492.000	Transfer to GF		14,158.00	
433.300	Snow & Ice Removal			14,158.00
<b>Total</b>			<u>14,158.00</u>	<u>14,158.00</u>