

Department of Community & Economic Development
Governor's Center for Local Government Services
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400 North Street, 4th Floor
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**2013 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 (the Schedules) included in the 2013 Annual Audit and Financial Report of the Township of Kilbuck (Township).

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 component unit financial information, without government-wide financial statements, without Management's Discussion and Analysis, without

Board of Supervisors
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Independent Auditor's Report

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, 2013 and the results of its operations for the year then ended.

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, 2013, 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 DCEB.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's financial statements as a whole. The pension disclosures on pages 19 and 20 are presented for purposes of additional analysis and are not a required part of the financial statements. The pension disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maher Duessel

Pittsburgh, Pennsylvania
February 28, 2014

KILBUCK TWP, ALLEGHENY County
BALANCE SHEET
 December 31, 2013

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups	Total	
	General Fund	Special Revenue (Including State Liquid Funds)	Capital Projects	Debt Service	Enterprise	Internal Service	Trustand Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits										
260-269 Long-Term-Liabilities									589,015	589,015
240-259 Current Portion of Long-Term Debt and Other Credits									132,437	132,437
Total Liabilities and Other Credits									721,452	721,452

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	94,593	86,242			44,954		352,352			578,141
291-299 Other Equity										
Total Fund and Account Group Equity	94,593	86,242			44,954		352,352			578,141

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY 1,299,593

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

	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	175,683		171,633				347,316
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)	12,603						12,603
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	14,636						14,636
310.20	Earned Income Taxes / Wage Taxes	119,418						119,418
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	23						23
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
	Total Taxes	322,363		171,633				493,996

		Licenses and Permits						
320.322	All Other Licenses and Permits	10,027						10,027
321.80	Cable Television Franchise Fees	14,353						14,353
	Total Licenses and Permits	24,380						24,380

		Fines and Forfeits						
330.332	Fines and Forfeits	14,232						14,232
	Total Fines and Forfeits	14,232						14,232

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

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	31	17			5	48,279	48,332
342.00	Rents and Royalties	1,300						1,300
	Total Interest, Rents and Royalties	1,331	17			5	48,279	49,632

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 (PURTA)							
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		22,677					22,677
355.04	Alcoholic Beverage Licenses	1,150						1,150
355.05	General Municipal Pension System State Aid							
355.07	Foreign Fire Insurance Tax Distribution	5,699						5,699
355.08	Local Share Assessment/Gaming Proceeds							

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

	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	35,413					35,413
	Total Other Financing Sources	326,494		5,000			331,494

TOTAL REVENUES

715,660	22,694	171,633	92,088	70,903	1,072,978
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EXPENDITURES

General Government

400.00	Legislative (Governing) Body	12,572					12,572
401.00	Executive (Manager or Mayor)						
402.00	Auditing Services / Financial Administration	9,656					9,656
403.00	Tax Collection	9,238			1,895		11,133
404.00	Solicitor / Legal Services	27,514					27,514
405.00	Secretary / Clerk	865					865
406.00	Other General Government Administration	33,400					33,400
407.00	IT-Networking Services-Data Processing						
408.00	Engineering Services	72,803					72,803
409.00	General Government Buildings and Plant	10,068					10,068
	Total General Government	176,116			1,895		178,011

Public Safety

410.00	Police	135,886					135,886
411.00	Fire	39,284					39,284
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	2,189					2,189
414.00	Planning and Zoning						
415.00	Emergency Management and Communications						

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

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

EXPENDITURES

Culture and Recreation							
457.00	Civil and Military Celebrations						
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
	Total Culture and Recreation						

Community Development							
461.00	Conservation of Natural Resources						
462.00	Community Development and Housing						
463.00	Economic Development						
464.00	Economic Opportunity						
485-489	All Other Community Development						
	Total Community Development						

Debt Service							
471.00	Debt Principal (short-term and long-term)	114,762			12,439		127,201
472.00	Debt Interest (short-term and long-term)	36,460			2,323		38,783
475.00	Fiscal Agent Fees						
	Total Debt Service	151,222			14,762		165,984

Employer Paid Benefits and Withholding Items							
481.00	Employer Paid Withholding Taxes and Unemployment Compensation						
482.00	Judgments and Losses						
483.00	Pension / Retirement Fund Contributions	22,624					22,624
484.00	Worker Compensation Insurance						

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

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								
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		22,624						22,624

Insurance								
486.00	Insurance, Casualty, and Surety	7,669						7,669
Total Insurance		7,669						7,669

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						54,764	54,764
489.00	All Other Unclassified Expenditures							
Total Unclassified Operating Expenditures							54,764	54,764

Other Financing Uses								
491.00	Refund of Prior Year Revenues	2,586						2,586
492.00	Interfund Operating Transfers	5,000			171,633			176,633
493.00	All Other Financing Uses							
Total Other Financing Uses		7,586			171,633			179,219
TOTAL EXPENDITURES		663,625			171,633	72,716	54,764	982,738

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES								
		32,035	22,694			19,372	16,139	90,240

KILBUCK TWP
December 31, 2013

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	807,627		100,613		707,014		707,014
PNC Bank	Note	2002	2012	220,000	12,733		12,733		0		0
Pennvest	Note	1995	2014	193,354	28,293		13,855		14,438		14,438
Revenue Bonds and Notes											
Lease-Rental Debt											
Other											

(1) - excludes unamortized premium/discount

	Total bonds and notes outstanding	721,452
	Capitalized lease obligations	0
	Net debt	721,452

KILBUCK TWP, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2013

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			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES			

EMPLOYEE COMPENSATION

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

ELECTED CONTROLLERS/AUDITOR'S CERTIFIED SUBMISSION PAGE

To the:

Governing Body of the Municipality
President Judge of the Court of Common Pleas
Secretary of the Department of Community & Economic Development

I/We, the undersigned, the duly elected (or appointed replacement), qualified, and Acting Controller/Auditors of the KILBUCK TWP have audited, adjusted and settled the various funds and account groups of the KILBUCK TWP for the year ended December 31, 2013. My/Our audit, adjustment and settlement was made in accordance with law rather than with generally accepted auditing standards

(PLEASE CROSS OUT ONLY IF ON MODIFIED ACCRUAL/ACCRUAL BASIS)

This municipality's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of this municipality in conformity with generally accepted accounting principles.

These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In my/our opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the municipality of KILBUCK TWP for the year ended December 31, 2013, and the results of operations of such funds in accordance with the law.

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA

Other Information

TOWNSHIP OF KILBUCK

POLICE PENSION PLAN

PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2013

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.

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 2013 was \$22,624.

TOWNSHIP OF KILBUCK

POLICE PENSION PLAN

PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2013

3. ACTUARIAL VALUATION

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

An unfunded actuarial accrued liability of \$156,982 existed as of January 1, 2011. The funded ratio was 72.28%.