

**2015 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 2015 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.

Board of Supervisors
Township of Kilbuck
Independent Auditor's Report

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, 2015 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, 2015, 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 Information

Our audit was conducted for the purpose of forming an opinion on the Schedules that collectively comprise the Township's Schedules as a whole. The pension disclosures on pages 18 and 19 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 Duesel

Pittsburgh, Pennsylvania
February 29, 2016

KILBUCK TWP, ALLEGHENY County

BALANCE SHEET

December 31, 2015

		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									377,044	377,044
240-259	Current Portion of Long-Term Debt and Other Credits									114,909	114,909
Total Liabilities and Other Credits		21,274								491,953	513,227
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	229,671	137,869			117,015		319,923			804,478
291-299	Other Equity										
Total Fund and Account Group Equity		229,671	137,869			117,015		319,923			804,478
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											1,317,705

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	165,377			160,360			325,737
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)	14,338						14,338
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	22,881						22,881
310.20	Earned Income Taxes / Wage Taxes	129,436						129,436
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	2,541						2,541
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		334,573			160,360			494,933

Licenses and Permits

320-322	All Other Licenses and Permits	24,266						24,266
321.80	Cable Television Franchise Fees	15,467						15,467
Total Licenses and Permits		39,733						39,733

Fines and Forfeits

330-332	Fines and Forfeits	9,245						9,245
Total Fines and Forfeits		9,245						9,245

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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		36			31		1,886	1,953
342.00	Rents and Royalties	5,242							5,242
Total Interest, Rents and Royalties		5,242	36			31		1,886	7,195

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		27,033						27,033
355.04	Alcoholic Beverage Licenses	450							450
355.05	General Municipal Pension System State Aid								
355.07	Foreign Fire Insurance Tax Distribution	5,801							5,801
355.08	Local Share Assessment/Gaming Proceeds								
355.09	Marcellus Shale Impact Fee Distribution	147							147

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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							
Total State		6,398	27,033					33,431

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 and Authorities Payments in Lieu of Taxes							
Total Local Government Units								

Charges for Service								
361.00	General Government	300						300
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.)					97,295		97,295
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					48		48
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, 2015

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	100						100
Total Charges for Service		400			97,343			97,743

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	16,557						16,557
388.00	Fiduciary Fund Pension Contributions					21,274		21,274
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues		16,557				21,274		37,831

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	160,360	50,604					210,964
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, 2015

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	5,603						5,603
Total Other Financing Sources		165,963	50,604					216,567

TOTAL REVENUES

	578,111	77,673		160,360	97,374		23,160	936,678
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	11,812						11,812
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	8,697					100	8,797
403.00	Tax Collection	5,732						5,732
404.00	Solicitor / Legal Services	29,704						29,704
405.00	Secretary / Clerk	707						707
406.00	Other General Government Administration	33,695						33,695
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	25,082			684			25,766
409.00	General Government Buildings and Plant	9,844						9,844
Total General Government		125,273			684		100	126,057

Public Safety

410.00	Police	91,387						91,387
411.00	Fire	40,018						40,018
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	18,249						18,249

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	6,000						6,000
415.00	Emergency Management and Communications							
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		155,654						155,654

Health and Human Services

420.00-425.00	Health and Human Services	904						904
Total Health and Human Services		904						904

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				61,349			61,349
Total Public Works - Sanitation					61,349			61,349

Public Works - Highways and Streets

430.00	General Services - Administration				1,396			1,396
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	45,490						45,490
433.00	Traffic Control Devices	387						387
434.00	Street Lighting	1,522						1,522

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	10,053						10,053
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		57,452				1,396		58,848

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

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

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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							
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							
465-469	All Other Community Development							
Total Community Development								

Debt Service								
471.00	Debt Principal (short-term and long-term)	109,973						109,973
472.00	Debt Interest (short-term and long-term)	26,953						26,953
475.00	Fiscal Agent Fees							
Total Debt Service		136,926						136,926

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	21,274						21,274

KILBUCK TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		21,274						21,274

Insurance								
486.00	Insurance, Casualty, and Surety	8,809						8,809
Total Insurance		8,809						8,809

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						48,564	48,564
489.00	All Other Unclassified Expenditures							
Total Unclassified Operating Expenditures							48,564	48,564

Other Financing Uses								
491.00	Refund of Prior Year Revenues	3,908						3,908
492.00	Interfund Operating Transfers	50,604			160,360			210,964
493.00	All Other Financing Uses							
Total Other Financing Uses		54,512			160,360			214,872

TOTAL EXPENDITURES	560,804			160,360	63,429		48,664	833,257
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	17,307	77,673			33,945		-25,504	103,421
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KILBUCK TWP
December 31, 2015

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	601,926		109,973		491,953		491,953
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	491,953
Capitalized lease obligations	0
Net debt	491,953

KILBUCK TWP, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2015

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)

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, 2015

NOTES / COMMENTS

Other Information

TOWNSHIP OF KILBUCK

POLICE PENSION PLAN

PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2015

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 2015 was \$21,274. The MMO was due from the general fund at December 31, 2015. The 2015 MMO was based on the January 1, 2013 actuarial valuation.

TOWNSHIP OF KILBUCK

POLICE PENSION PLAN

PENSION DISCLOSURES

YEAR ENDED DECEMBER 31, 2015

3. ACTUARIAL VALUATION

Certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2013.

An unfunded actuarial accrued liability of \$252,442 existed as of January 1, 2013. The funded ratio of the Police Plan was 56.97%.