

**2017 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**022315 NORTH FAYETTE TWP, ALLEGHENY COUNTY**

## Independent Auditor's Report

### **Board of Township Supervisors Township of North Fayette**

We have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (Schedules) included in the 2017 Annual Audit and Financial Report of the Township of North Fayette (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 the 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 without financial statement disclosures, without cash flows, without component unit financial information, without 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 Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

**Basis for Qualified Opinion on Regulatory Basis of Accounting**

The Schedules referred to above do not include the General Fixed Asset Account Group, which should be presented. The amount that should be recorded in the General Fixed Asset Account Group is not known.

**Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Township as of December 31, 2017, and the regulatory results of its operations for the year then ended, in accordance with the financial reporting provisions described in the instructions provided by the DCED.

*Maher Duesel*

Pittsburgh, Pennsylvania  
June 8, 2018



# BALANCE SHEET

DCED-CLGS-30 (09-09)

**NORTH FAYETTE TWP, ALLEGHENY County**  
**BALANCE SHEET**  
 December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>Assets and Other Debits</b>											
100-120	Cash and Investments	2,196,666	534,248	1,402,229		5,438,125		15,066,063			24,637,331
140-144	Tax Receivable	779,888									779,888
121-129, 145-149	Accounts Receivable (excluding taxes)	191,051				852,567					1,043,618
130.00	Due From Other Funds	775,199		229,997		95,893					1,101,089
131-139, 150-159	Other Current Assets	15,753									15,753
160-169	Fixed Assets					5,781,638					5,781,638
180-189	Other Debits									18,042,102	18,042,102
<b>Total Assets and Other Debits</b>		3,958,557	534,248	1,632,226		12,168,223		15,066,063		18,042,102	51,401,419

<b>Liabilities and Other Credits</b>											
210-229	Payroll Taxes and Other Payroll Withholdings	133,273	886			860					135,019
200-209, 231-239	All Other Current Liabilities	596,436	25,708			389,313		76,899			1,088,356
230.00	Due To Other Funds	95,893	190,085	625,544		189,567					1,101,089

## NORTH FAYETTE TWP, ALLEGHENY County

## BALANCE SHEET

December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities					3,634,284				17,532,535	21,166,819
240-259	Current Portion of Long-Term Debt and Other Credits					240,592				509,567	750,159
<b>Total Liabilities and Other Credits</b>		825,602	216,679	625,544		4,454,616		76,899		18,042,102	24,241,442
<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets					4,373,706					4,373,706
270-289	Fund Balance / Retained Earnings on 12/31	3,132,955	317,569	1,006,682		3,339,901		14,989,164			22,786,271
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		3,132,955	317,569	1,006,682		7,713,607		14,989,164			27,159,977
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											51,401,419

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**REVENUES**

**Taxes**

301.00	Real Estate Taxes	4,016,135	197,223					4,213,358
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)	281,409						281,409
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	665,882						665,882
310.20	Earned Income Taxes / Wage Taxes	2,785,339						2,785,339
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	401,982						401,982
310.60	Amusement / Admission Taxes	8,371						8,371
310.70	Mechanical Device Taxes	12,528						12,528
310.90	Other: _____							
	Other: _____							
<b>Total Taxes</b>		8,171,646	197,223					8,368,869

**Licenses and Permits**

320-322	All Other Licenses and Permits	59,069						59,069
321.80	Cable Television Franchise Fees	341,671						341,671
<b>Total Licenses and Permits</b>		400,740						400,740

**Fines and Forfeits**

330-332	Fines and Forfeits	42,623						42,623
<b>Total Fines and Forfeits</b>		42,623						42,623



**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**REVENUES**

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		492,172	467,628	162,570		26,799		1,149,169

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	22,002						22,002
<b>Total Local Government Units</b>		22,002						22,002

Charges for Service								
361.00	General Government	48,118						48,118
362.00	Public Safety	298,504	335					298,839
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	65,286						65,286
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	195				2,788,428		2,788,623
364.30	Solid Waste Collection and Disposal Charge (trash)					1,020,107		1,020,107
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	467,314	61,199					528,513
368.00	Airports							



**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**REVENUES**

**Charges for Service**

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System	5,954						5,954
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>		885,371	61,534			3,808,535		4,755,440

**Unclassified Operating Revenues**

Unclassified Operating Revenues								
383.00	Special Assessments		70,243	120,000				190,243
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	2,650	31,209					33,859
388.00	Fiduciary Fund Pension Contributions						825,161	825,161
389.00	All Other Unclassified Operating Revenues	17,266				325		17,591
<b>Total Unclassified Operating Revenues</b>		19,916	101,452	120,000		325	825,161	1,066,854

**Other Financing Sources**

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	7,887				2,854		10,741
392.00	Interfund Operating Transfers	1,406,986		546,619		72,575		2,026,180
393.00	Proceeds of General Long-Term Debt			4,875,000				4,875,000
394.00	Proceeds of Short Term-Debt							

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**REVENUES**

Other Financing Sources							
395.00	Refunds of Prior Year Expenditures	73,685		14,706		7,595	95,986
<b>Total Other Financing Sources</b>		1,488,558		5,436,325		83,024	7,007,907

**TOTAL REVENUES**

11,590,591	833,173	5,730,064		3,964,592		2,773,150	24,891,570
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**EXPENDITURES**

General Government							
400.00	Legislative (Governing) Body	23,875	40,571			87,178	151,624
401.00	Executive (Manager or Mayor)	312,553					312,553
402.00	Auditing Services / Financial Administration	153,404	36,080	350		97,136	286,970
403.00	Tax Collection	61,812					61,812
404.00	Solicitor / Legal Services	152,728				20,970	173,698
405.00	Secretary / Clerk						
406.00	Other General Government Administration						
407.00	IT-Networking Services-Data Processing	74,860	6,187			12,990	94,037
408.00	Engineering Services	147,399	15,538			68,121	231,058
409.00	General Government Buildings and Plant	517,685	14,911	13,333		58,353	604,282
<b>Total General Government</b>		1,444,316	113,287	13,683		344,748	1,916,034

**Public Safety**

410.00	Police	3,761,321	40,347	450			3,802,118
411.00	Fire	329,655					329,655
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	168,892	7,848			7,287	184,027

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**EXPENDITURES**

**Public Safety**

414.00	Planning and Zoning	164,412	18,847			6,289		189,548
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>		4,424,280	67,042	450		13,576		4,505,348

**Health and Human Services**

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

**Public Works - Sanitation**

426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)					940,560		940,560
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection					1,769,370		1,769,370
<b>Total Public Works - Sanitation</b>						2,709,930		2,709,930

**Public Works - Highways and Streets**

430.00	General Services - Administration	1,551,795	248,856	96,704		318,403		2,215,758
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	2,545	187,746					190,291
433.00	Traffic Control Devices	54,878						54,878
434.00	Street Lighting	5,829	82,258					88,087

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**EXPENDITURES**

<b>Public Works - Highways and Streets</b>								
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	431,018	29,847					460,865
439.00	Highway Construction and Rebuilding Projects							
<b>Total Public Works - Highways and Streets</b>		2,046,065	548,707	96,704		318,403		3,009,879

<b>Other Public Works Enterprises</b>								
440.00	Airports	28	5					33
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control		84,486					84,486
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
<b>Total Other Public Works Enterprises</b>		28	84,491					84,519

<b>Culture and Recreation</b>								
451.00	Culture-Recreation Administration	528,071	31,390					559,461
452.00	Participant Recreation	108,394		7,278				115,672
453.00	Spectator Recreation	2,664						2,664
454.00	Parks	201,440	10,595	15,175				227,210

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2017

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

**EXPENDITURES**

<b>Culture and Recreation</b>								
455.00	Shade Trees							
456.00	Libraries	197,281						197,281
457.00	Civil and Military Celebrations	69,083	2,390					71,473
458.00	Senior Citizens' Centers	22,375		60,000				82,375
459.00	All Other Culture and Recreation	79,588		113,302				192,890
<b>Total Culture and Recreation</b>		1,208,896	44,375	195,755				1,449,026

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

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	405,000		4,606,437				5,011,437
472.00	Debt Interest (short-term and long-term)	437,860		21,553	255,573			714,986
475.00	Fiscal Agent Fees	5,005		93,306				98,311
<b>Total Debt Service</b>		847,865		4,721,296	255,573			5,824,734

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	17,023	1,261		2,365			20,649
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	632,963						632,963

NORTH FAYETTE TWP, ALLEGHENY County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

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

**EXPENDITURES**

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits	3,796						3,796
<b>Total Employer Paid Benefits and Withholding Items</b>		653,782	1,261			2,365		657,408

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

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						505,080	505,080
489.00	All Other Unclassified Expenditures	4,722					46,867	51,589
<b>Total Unclassified Operating Expenditures</b>		4,722					551,947	556,669

Other Financing Uses								
491.00	Refund of Prior Year Revenues	8,627						8,627
492.00	Interfund Operating Transfers	305,000	197,223	796,846		727,111		2,026,180
493.00	All Other Financing Uses			65,709				65,709
<b>Total Other Financing Uses</b>		313,627	197,223	862,555		727,111		2,100,516

<b>TOTAL EXPENDITURES</b>	10,943,581	1,056,386	5,890,443		4,371,706		551,947	22,814,063
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	647,010	-223,213	-160,379		-407,114		2,221,203	2,077,507
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## NORTH FAYETTE TWP

December 31, 2017

## 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
<b>General Obligation Bonds and Notes</b>											
General Obligation Bond	Bond	2012	2042	9,800,000	4,620,000		4,620,000		0		0
Pennvest	Note	2001	2021	1,413,600	370,775		61,359		309,416		309,416
General Obligation Note	Note	2007	2027	1,457,625	338,784		27,814		310,970		310,970
General Obligation Bond	Bond	2014	2044	8,025,000	7,465,000		275,000		7,190,000		7,190,000
General Obligation Bond	Bond	2015	2045	3,035,000	3,005,000		15,000		2,990,000		2,990,000
General Obligation Bond	Bond	2016	2031	5,540,000	5,475,000		30,000		5,445,000		5,445,000
General Obligation Bond	Bond	2017	2038	4,875,000	0	4,875,000			4,875,000		4,875,000
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
Fire Truck Leases	Capital Leases	2008	2017	629,494	71,437		71,437		0		0
Equipment Lease	Capital Leases	2014	2019	236,645	120,405		38,613		81,792		81,792
John Deer Backhoe	Capital Leases	2015	2020	163,500	132,576		31,788		100,788		100,788
Dump Truck Lease	Capital Leases	2015	2020	239,918	159,768		37,779		121,989		121,989
Garbage Truck Lease	Capital Leases	2015	2020	491,568	381,586		96,386		285,200		285,200
Garbage Truck Lease	Capital Leases	2017	2022	252,883	0	252,883	46,060		206,823		206,823
<b>Other</b>											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

21,120,386

Capitalized lease obligations

796,592

Net debt

21,916,978

**NORTH FAYETTE TWP, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	29,200		29,200
Health			
Housing			
Libraries			
Mass Transit			
Parks		87,104	87,104
Police	51,940		51,940
Recreation			
Sewer		416,774	416,774
Solid Waste	252,883		252,883
Streets / Highways			
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	334,023	503,878	837,901

**EMPLOYEE COMPENSATION**

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

5,340,173



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**Independent Public Accountant/Certified Public Accountant Submission Page**  
**Opinion page was provided in lieu of signature page.**

**SIGNATURE AND VERIFICATION**

Signed: Maher Duessel Appointed Auditor/CPA

December 31, 2017

**NOTES / COMMENTS**