

**2018 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 2018 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 opinion.

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, historical pension and other post-employment benefit information and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and the results of its operations for the year then ended.

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, 2018, and the regulatory results of its operations for the year then ended, in accordance with the financial reporting provisions described in the instructions provided by the DCED.

Maher Duessel

Pittsburgh, Pennsylvania
April 12, 2019



BALANCE SHEET

DCED-CLGS-30 (09-09)

NORTH FAYETTE TWP, ALLEGHENY County
BALANCE SHEET
 December 31, 2018

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	1,876,778	509,902	1,841,532		5,359,095		14,340,000			23,927,307
140-144	Tax Receivable	885,955									885,955
121-129, 145-149	Accounts Receivable (excluding taxes)	158,164				829,163					987,327
130.00	Due From Other Funds	1,042,384				205,141					1,247,525
131-139, 150-159	Other Current Assets	32,947									32,947
160-169	Fixed Assets					6,247,078					6,247,078
180-189	Other Debits									17,501,944	17,501,944
Total Assets and Other Debits		3,996,228	509,902	1,841,532		12,640,477		14,340,000		17,501,944	50,830,083

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	156,651	562			4,568					161,781
200-209, 231-239	All Other Current Liabilities	456,511	13,167			440,622		82,503			992,803
230.00	Due To Other Funds	95,893	399,055	504,792		247,785					1,247,525

NORTH FAYETTE TWP, ALLEGHENY County

BALANCE SHEET

December 31, 2018

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
260-269	Long-Term-Liabilities					3,386,277				16,958,883	20,345,160
240-259	Current Portion of Long-Term Debt and Other Credits					248,007				543,061	791,068
Total Liabilities and Other Credits		709,055	412,784	504,792		4,327,259		82,503		17,501,944	23,538,337
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets					4,294,883					4,294,883
270-289	Fund Balance / Retained Earnings on 12/31	3,287,173	97,118	1,336,740		4,018,335		14,257,497			22,996,863
291-299	Other Equity										
Total Fund and Account Group Equity		3,287,173	97,118	1,336,740		8,313,218		14,257,497			27,291,746
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											50,830,083

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

REVENUES

Taxes

301.00	Real Estate Taxes	3,970,858	195,000					4,165,858
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)	288,982						288,982
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	381,485						381,485
310.20	Earned Income Taxes / Wage Taxes	3,123,503						3,123,503
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	391,926						391,926
310.60	Amusement / Admission Taxes	7,566						7,566
310.70	Mechanical Device Taxes	17,383						17,383
310.90	Other: _____							
	Other: _____							
Total Taxes		8,181,703	195,000					8,376,703

Licenses and Permits

320-322	All Other Licenses and Permits	62,027						62,027
321.80	Cable Television Franchise Fees	328,121						328,121
Total Licenses and Permits		390,148						390,148

Fines and Forfeits

330-332	Fines and Forfeits	38,034						38,034
Total Fines and Forfeits		38,034						38,034

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

REVENUES

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		512,033	490,172			72,643		1,074,848

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
Total Local Government Units		22,002						22,002

Charges for Service								
361.00	General Government	54,237						54,237
362.00	Public Safety	307,269	295					307,564
363.20	Parking							
363.00	All Other Charges for Highway & Street Services	73,463						73,463
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	1,328				3,229,014		3,230,342
364.30	Solid Waste Collection and Disposal Charge (trash)					1,194,729		1,194,729
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	564,732	74,601					639,333
368.00	Airports							

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System	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							
Total Charges for Service		1,006,983	74,896			4,423,743		5,505,622

Unclassified Operating Revenues								
383.00	Special Assessments		129,859	25,920				155,779
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	2,696	13,578					16,274
388.00	Fiduciary Fund Pension Contributions						849,077	849,077
389.00	All Other Unclassified Operating Revenues	53,127				1,923		55,050
Total Unclassified Operating Revenues		55,823	143,437	25,920		1,923	849,077	1,076,180

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	624,547						624,547
392.00	Interfund Operating Transfers	195,000		347,530				542,530
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt	1,000,000						1,000,000

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	16,237	7,519	2,100				25,856
Total Other Financing Sources		1,835,784	7,519	349,630				2,192,933
TOTAL REVENUES		12,117,406	920,185	397,728		4,580,084	1,715,988	19,731,391

EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	29,689				185,505		215,194
401.00	Executive (Manager or Mayor)	277,517						277,517
402.00	Auditing Services / Financial Administration	139,456	350	100		104,609		244,515
403.00	Tax Collection	73,175						73,175
404.00	Solicitor / Legal Services	161,326				26,349		187,675
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing	97,350				20,033		117,383
408.00	Engineering Services	42,515		5,000		38,705		86,220
409.00	General Government Buildings and Plant	545,129				71,853		616,982
Total General Government		1,366,157	350	5,100		447,054		1,818,661

Public Safety

410.00	Police	3,948,488	48,330					3,996,818
411.00	Fire	323,179						323,179
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	191,625				8,914		200,539

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

EXPENDITURES

Public Safety

414.00	Planning and Zoning	163,969				10,155			174,124
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		4,627,261	48,330			19,069			4,694,660

Health and Human Services

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

Public Works - Sanitation

426.00	Recycling Collection and Disposal								
427.00	Solid Waste Collection and Disposal (garbage)					1,090,991			1,090,991
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection	16				1,955,477			1,955,493
Total Public Works - Sanitation		16				3,046,468			3,046,484

Public Works - Highways and Streets

430.00	General Services - Administration	1,443,470	71,013	36,251		147,616			1,698,350
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal	985	384,418						385,403
433.00	Traffic Control Devices	43,357							43,357
434.00	Street Lighting	17,339	86,235						103,574

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	2,445						2,445
437.00	Repairs of Tools and Machinery							
438.00	Maintenance and Repairs of Roads and Bridges	331,732						331,732
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		1,839,328	541,666	36,251		147,616		2,564,861

Other Public Works Enterprises								
440.00	Airports	431						431
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control		322,578	13,498		28,707		364,783
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		431	322,578	13,498		28,707		365,214

Culture and Recreation								
451.00	Culture-Recreation Administration	508,099	30,207					538,306
452.00	Participant Recreation	77,857		12,821				90,678
453.00	Spectator Recreation	4,620						4,620
454.00	Parks	279,846						279,846

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries	207,989						207,989
457.00	Civil and Military Celebrations	91,260	1,776					93,036
458.00	Senior Citizens' Centers	17,334						17,334
459.00	All Other Culture and Recreation	82,134			34			82,168
Total Culture and Recreation		1,269,139	31,983	12,821	34			1,313,977

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)	1,333,125						1,333,125
472.00	Debt Interest (short-term and long-term)	469,722			286,747			756,469
475.00	Fiscal Agent Fees	5,500						5,500
Total Debt Service		1,808,347			286,747			2,095,094

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	17,326	729		2,245			20,300
482.00	Judgments and Losses						1,885,224	1,885,224
483.00	Pension / Retirement Fund Contributions	656,248						656,248

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2018

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

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits	327						327
Total Employer Paid Benefits and Withholding Items		673,901	729			2,245		1,885,224
								2,562,099

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						510,075	510,075
489.00	All Other Unclassified Expenditures	56			29		52,356	52,441
Total Unclassified Operating Expenditures		56			29		562,431	562,516

Other Financing Uses								
491.00	Refund of Prior Year Revenues	31,022				2,504		33,526
492.00	Interfund Operating Transfers	347,530	195,000					542,530
493.00	All Other Financing Uses							
Total Other Financing Uses		378,552	195,000			2,504		576,056

TOTAL EXPENDITURES	11,963,188	1,140,636	67,670		3,980,473		2,447,655	19,599,622
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	154,218	-220,451	330,058		599,611		-731,667	131,769
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NORTH FAYETTE TWP

December 31, 2018

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Pennvest	Note	2001	2021	1,413,600	309,416		63,473		245,943		245,943
General Obligation Note	Note	2007	2027	1,457,625	310,970		28,329		282,641		282,641
General Obligation Bond	Bond	2014	2044	8,025,000	7,190,000		285,000		6,905,000		6,905,000
General Obligation Bond	Bond	2015	2045	3,035,000	2,990,000		15,000		2,975,000		2,975,000
General Obligation Bond	Bond	2016	2031	5,540,000	5,445,000		85,000		5,360,000		5,360,000
General Obligation Bond	Bond	2017	2038	4,875,000	4,875,000		55,000		4,820,000		4,820,000
Revenue Bonds and Notes											
Lease Rental Debt											
Equipment Lease	Capital Leases	2014	2019	236,645	81,792		40,116		41,676		41,676
John Deer Backhoe	Capital Leases	2015	2020	163,500	100,788		32,643		68,145		68,145
Dump Truck Lease	Capital Leases	2015	2020	239,918	121,989		39,186		82,803		82,803
Garbage Truck Lease	Capital Leases	2015	2020	491,568	285,200		98,584		186,616		186,616
Garbage Truck Lease	Capital Leases	2017	2022	252,883	206,823		38,419		168,404		168,404
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

20,588,584

Capitalized lease obligations

547,644

Net debt

21,136,228

NORTH FAYETTE TWP, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2018

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer	70,960		70,960
Solid Waste			
Streets / Highways		706,102	706,102
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	70,960	706,102	777,062

EMPLOYEE COMPENSATION

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

5,530,100

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

SIGNATURE AND VERIFICATION

Signed:

See Attached Appointed Auditor/CPA

December 31, 2018

NOTES / COMMENTS