

**2017 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**022223 MUNHALL BORO, ALLEGHENY COUNTY**

**To the Members of Borough Council  
Borough of Munhall  
Allegheny County, Pennsylvania**

## **INDEPENDENT AUDITORS' REPORT**

### **Report on Financial Statements**

I have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statement of Capital Expenditures and Employee Compensation included in the accompanying special purpose Commonwealth of Pennsylvania Annual Audit and Financial Report (special purpose financial report) of the Borough of Munhall, Allegheny County, Pennsylvania as of and for the year ended December 31, 2017.

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

Management is responsible for the preparation and fair presentation of this special purpose financial report in accordance with the accounting practices and procedures prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the 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 Borough'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 Borough's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinions**

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

The Schedules are prepared by the Borough of Munhall on the basis of the financial reporting provisions prescribed or permitted by the DCED in the instructions to the Annual Audit and Financial Report to demonstrate compliance with the DCED's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. These requirements permit the Schedules to be prepared on the cash basis of accounting without the presentation of the management's discussion and analysis, the government-wide financial statements, budget and actual information and financial statements disclosures.

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 my 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 each fund of the Borough of Munhall as of December 31, 2017, or changes in financial position or cash flows thereof for the year then ended.

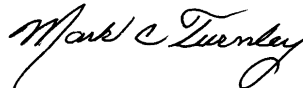
### ***Opinion on Regulatory Basis of Accounting***

In my opinion, the Schedules referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the Borough of Munhall as of December 31, 2017, and its revenues, expenditures and other financing sources and uses for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by the DCED described above.

### ***Report on Other Legal and Regulatory Requirements***

This report is intended solely for the information and use of the governing body and management of the Borough of Munhall and for filing with the various local and state departments or offices and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Mark C. Turnley, CPA

October 23, 2018  
New Brighton, Pennsylvania



# BALANCE SHEET

DCED-CLGS-30 (09-09)

**MUNHALL BORO, 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	999,370	341,261					17,767,343			19,107,974
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	33,032						89			33,121
131-139, 150-159	Other Current Assets	1,693									1,693
160-169	Fixed Assets										
180-189	Other Debits									261,845	261,845
<b>Total Assets and Other Debits</b>		1,034,095	341,261					17,767,432		261,845	19,404,633

<b>Liabilities and Other Credits</b>											
210-229	Payroll Taxes and Other Payroll Withholdings	1,096									1,096
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds		33,032					89			33,121

## MUNHALL BORO, 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									193,398	193,398
240-259	Current Portion of Long-Term Debt and Other Credits									68,447	68,447
<b>Total Liabilities and Other Credits</b>		1,096	33,032					89		261,845	296,062
<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	1,032,999	308,229					17,767,343			19,108,571
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		1,032,999	308,229					17,767,343			19,108,571
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											19,404,633

**MUNHALL BORO, 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	4,012,491						4,012,491
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)	498,157						498,157
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	109,976						109,976
310.20	Earned Income Taxes / Wage Taxes	1,137,869						1,137,869
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	87,827						87,827
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	25,550						25,550
310.90	Other: _____							
	Other: _____							
<b>Total Taxes</b>		5,871,870						5,871,870

**Licenses and Permits**

320-322	All Other Licenses and Permits	54,334						54,334
321.80	Cable Television Franchise Fees	245,531						245,531
<b>Total Licenses and Permits</b>		299,865						299,865

**Fines and Forfeits**

330-332	Fines and Forfeits	339,687						339,687
<b>Total Fines and Forfeits</b>		339,687						339,687

**MUNHALL BORO, 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**

<b>Interest, Rents and Royalties</b>								
341.00	Interest Earnings	10,128	1,660				2,583,076	2,594,864
342.00	Rents and Royalties	54,058						54,058
<b>Total Interest, Rents and Royalties</b>		64,186	1,660				2,583,076	2,648,922

<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 and Entitlements		58,783					58,783
353.00	Federal Payments in Lieu of Taxes							
<b>Total Federal</b>			58,783					58,783

<b>State</b>								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101	3,367						3,367
354.00	All Other State Capital and Operating Grants	263						263
355.01	Public Utility Realty Tax (PURTA)							
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		333,649					333,649
355.04	Alcoholic Beverage Licenses							
355.05	General Municipal Pension System State Aid	289,060						289,060
355.07	Foreign Fire Insurance Tax Distribution	49,123						49,123
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution	1,203						1,203

**MUNHALL BORO, 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>		343,016	333,649					676,665

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants	93,741						93,741
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	7,000						7,000
<b>Total Local Government Units</b>		100,741						100,741

Charges for Service								
361.00	General Government	62,499	90					62,589
362.00	Public Safety	131,671						131,671
363.20	Parking	36,943						36,943
363.00	All Other Charges for Highway & Street Services	7,396						7,396
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)	881,359						881,359
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							



**MUNHALL BORO, 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								
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>		1,119,868	90					1,119,958

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	1,200	140					1,340
388.00	Fiduciary Fund Pension Contributions					829,140		829,140
389.00	All Other Unclassified Operating Revenues	12,835						12,835
<b>Total Unclassified Operating Revenues</b>		14,035	140			829,140		843,315

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	18,295	1,430					19,725
392.00	Interfund Operating Transfers	282,845	3,577					286,422
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

**MUNHALL BORO, 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	88,242						88,242
<b>Total Other Financing Sources</b>		389,382	5,007					394,389
<b>TOTAL REVENUES</b>		8,542,650	399,329				3,412,216	12,354,195

**EXPENDITURES**

General Government								
400.00	Legislative (Governing) Body	16,800						16,800
401.00	Executive (Manager or Mayor)	81,904						81,904
402.00	Auditing Services / Financial Administration	6,000						6,000
403.00	Tax Collection	67,303						67,303
404.00	Solicitor / Legal Services	318,568						318,568
405.00	Secretary / Clerk	78,975						78,975
406.00	Other General Government Administration	132,048						132,048
407.00	IT-Networking Services-Data Processing	42,850						42,850
408.00	Engineering Services	99,724						99,724
409.00	General Government Buildings and Plant	75,145						75,145
<b>Total General Government</b>		919,317						919,317

Public Safety								
410.00	Police	2,754,958	86,434					2,841,392
411.00	Fire	376,282						376,282
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	70,911						70,911

**MUNHALL BORO, 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							
415.00	Emergency Management and Communications	67,063						67,063
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>		3,269,214	86,434					3,355,648

**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)	788,589						788,589
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
<b>Total Public Works - Sanitation</b>		788,589						788,589

**Public Works - Highways and Streets**

430.00	General Services - Administration	1,091,409						1,091,409
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	182,630						182,630
433.00	Traffic Control Devices	9,688						9,688
434.00	Street Lighting	191,266						191,266

**MUNHALL BORO, 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	17,018						17,018
438.00	Maintenance and Repairs of Roads and Bridges	426,773						426,773
439.00	Highway Construction and Rebuilding Projects							
<b>Total Public Works - Highways and Streets</b>		1,918,784						1,918,784

<b>Other Public Works Enterprises</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 Other Public Works Enterprises</b>								

<b>Culture and Recreation</b>								
451.00	Culture-Recreation Administration	78,705						78,705
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks	24,364						24,364

**MUNHALL BORO, 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							
457.00	Civil and Military Celebrations	6,798						6,798
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		109,867						109,867

<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)	214,794						214,794
472.00	Debt Interest (short-term and long-term)	15,854						15,854
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		230,648						230,648

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	263,916						263,916
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	720,113						720,113

**MUNHALL BORO, 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>Employer Paid Benefits and Withholding Items</b>								
484.00	Worker Compensation Insurance	127,265						127,265
487.00	Other Group Insurance Benefits	267,388						267,388
<b>Total Employer Paid Benefits and Withholding Items</b>		1,378,682						1,378,682

<b>Insurance</b>								
486.00	Insurance, Casualty, and Surety	40,550						40,550
<b>Total Insurance</b>		40,550						40,550

<b>Unclassified Operating Expenditures</b>								
488.00	Fiduciary Fund Benefits and Refunds Paid						713,242	713,242
489.00	All Other Unclassified Expenditures	851					87,578	88,429
<b>Total Unclassified Operating Expenditures</b>		851					800,820	801,671

<b>Other Financing Uses</b>								
491.00	Refund of Prior Year Revenues						3,210	3,210
492.00	Interfund Operating Transfers	2,053	284,369					286,422
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		2,053	284,369				3,210	289,632

<b>TOTAL EXPENDITURES</b>		8,658,555	370,803				804,030	9,833,388
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>		-115,905	28,526				2,608,186	2,520,807
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**MUNHALL BORO**  
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>											
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
2014 Garbage Truck	Capital Leases	2013	2018	176,066	64,138		45,685		18,453		18,453
2014 Computer & Communications Equipment	Capital Leases	2014	2018	99,586	40,714		19,872		20,842		20,842
2015 International 5-ton Dump	Capital Leases	2014	2019	143,856	87,496		28,087		59,409		59,409
2 2014 Police Cars	Capital Leases	2015	2017	88,936	30,326		30,326		0		0
2 2017 Police Cars 1 Ford F350	Capital Leases	2016	2019	129,034	85,790		41,915		43,875		43,875
2017 Ford Interceptor & Chevy Tahoe	Capital Leases	2017	2021	93,438	0	93,438	24,248		69,190		69,190
2017 Ford F-550	Capital Leases	2017	2020	74,737	0	74,737	24,661		50,076		50,076
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	261,845
<b>Capitalized lease obligations</b>	0
<b>Net debt</b>	261,845

**MUNHALL BORO, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	171,155		171,155
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	171,155		171,155

**EMPLOYEE COMPENSATION**

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

3,448,586



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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: Mark C. Turnley, CPA Appointed Auditor/CPA

December 31, 2017

**NOTES / COMMENTS**

The 1/1/2017 fund balance of the Borough's Fiduciary Funds was increased by \$40,001 to reflect the activities of the Borough's defined contribution pension plan not shown in prior year DCED reports