

**2017 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**021114 ELIZABETH TWP, ALLEGHENY COUNTY**

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Township of Elizabeth  
Elizabeth, PA 15037

We have audited the accompanying Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (the Schedules) included in the 2017 Annual Audit and Financial Report of the Township of Elizabeth, Pennsylvania (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 (DCEED) 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 misstatements 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 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 statement of cash flows, without component unit financial information, without government-wide financial statements on the full accrual basis of accounting, without a 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.

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 Enterprise Fund**

Management has not adopted a methodology to systematically assess construction-in-progress and determine if the construction-in-progress is properly valued as viable costs with long-lived value that have not yet been placed into service; such consideration would extend to capitalized interest. We were unable to obtain sufficient audit evidence that the construction-in-progress was properly valued. Any resulting adjustments to construction-in-progress that would impact the assets, net position, and changes in net position of the Township's enterprise fund could not be determined. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

**Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the matter described in the "Basis for Qualified Opinion on Enterprise Fund" 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.

***Homer, Wible & Terek, PC***

Homer, Wible & Terek, PC  
October 8, 2018



## ELIZABETH 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					26,299,099				1,958,719	28,257,818
240-259	Current Portion of Long-Term Debt and Other Credits					795,224				249,569	1,044,793
<b>Total Liabilities and Other Credits</b>		1,150,297				27,209,203				2,208,288	30,567,788
<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	2,339,752	520,361	1,845,807		3,970,652		14,075,152			22,751,724
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		2,339,752	520,361	1,845,807		3,970,652		14,075,152			22,751,724
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											53,319,512



ELIZABETH 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

Interest, Rents and Royalties									
341.00	Interest Earnings	4,618	2,561	6,988		36,866		1,008,404	1,059,437
342.00	Rents and Royalties								
<b>Total Interest, Rents and Royalties</b>		4,618	2,561	6,988		36,866		1,008,404	1,059,437

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								
<b>Total Federal</b>									

State								
354.03	Highways and Streets	60,608						60,608
354.09	Community Development							
354.15	Recycling / Act 101	120,399						120,399
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	4,248						4,248
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		458,292					458,292
355.04	Alcoholic Beverage Licenses	4,050						4,050
355.05	General Municipal Pension System State Aid	134,013						134,013
355.07	Foreign Fire Insurance Tax Distribution	64,440						64,440
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution	5,657						5,657

ELIZABETH 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	1,993						1,993
<b>Total State</b>		395,408	458,292					853,700

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants	2,087						2,087
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>		2,087						2,087

Charges for Service								
361.00	General Government	28,747						28,747
362.00	Public Safety	117,885						117,885
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.)				4,117,163			4,117,163
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							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation	22,245						22,245
368.00	Airports							



ELIZABETH 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								
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>		168,877			4,117,163			4,286,040

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)	32,965						32,965
387.00	Contributions and Donations from Private Sectors	3,800						3,800
388.00	Fiduciary Fund Pension Contributions						139,654	139,654
389.00	All Other Unclassified Operating Revenues	69,355						69,355
<b>Total Unclassified Operating Revenues</b>		106,120					139,654	245,774

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	22,521						22,521
392.00	Interfund Operating Transfers	325,000	318,498					643,498
393.00	Proceeds of General Long-Term Debt	1,884,882						1,884,882
394.00	Proceeds of Short Term-Debt							

ELIZABETH 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	963						963
<b>Total Other Financing Sources</b>		2,233,366	318,498					2,551,864

<b>TOTAL REVENUES</b>	7,797,079	771,475	325,486		4,154,029		1,148,058	14,196,127
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**EXPENDITURES**

General Government								
400.00	Legislative (Governing) Body	97,625						97,625
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	10,650						10,650
403.00	Tax Collection	20,599						20,599
404.00	Solicitor / Legal Services	222,215						222,215
405.00	Secretary / Clerk	161,513						161,513
406.00	Other General Government Administration	2,687						2,687
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	151,443						151,443
409.00	General Government Buildings and Plant	132,979						132,979
<b>Total General Government</b>		799,711						799,711

Public Safety								
410.00	Police	1,327,334						1,327,334
411.00	Fire	223,756	305,404					529,160
412.00	Ambulance / Rescue	4,808						4,808
413.00	UCC and Code Enforcement	104,888						104,888

ELIZABETH 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	24,983						24,983
415.00	Emergency Management and Communications	21,814						21,814
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety	15,539						15,539
<b>Total Public Safety</b>		<b>1,723,122</b>	<b>305,404</b>					<b>2,028,526</b>

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	35,597						35,597
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection	51,186			2,586,076			2,637,262
<b>Total Public Works - Sanitation</b>		<b>86,783</b>			<b>2,586,076</b>			<b>2,672,859</b>

Public Works - Highways and Streets								
430.00	General Services - Administration	1,034,099	24,850					1,058,949
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	177,537						177,537
433.00	Traffic Control Devices	12,652						12,652
434.00	Street Lighting	137,935						137,935

ELIZABETH 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 Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	111,691						111,691
437.00	Repairs of Tools and Machinery							
438.00	Maintenance and Repairs of Roads and Bridges	445,869						445,869
439.00	Highway Construction and Rebuilding Projects							
<b>Total Public Works - Highways and Streets</b>		1,919,783		24,850				1,944,633

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

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation	128,385						128,385
453.00	Spectator Recreation	27,246						27,246
454.00	Parks							

ELIZABETH 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**

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries							
457.00	Civil and Military Celebrations	9,302						9,302
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		164,933						164,933

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing	48,045						48,045
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>		48,045						48,045

Debt Service								
471.00	Debt Principal (short-term and long-term)	1,954,166						1,954,166
472.00	Debt Interest (short-term and long-term)	72,915			1,019,119			1,092,034
475.00	Fiscal Agent Fees	61,146						61,146
<b>Total Debt Service</b>		2,088,227			1,019,119			3,107,346

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	110,022						110,022
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	134,013						134,013

ELIZABETH 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>Employer Paid Benefits and Withholding Items</b>							
484.00	Worker Compensation Insurance	87,402					87,402
487.00	Other Group Insurance Benefits						
<b>Total Employer Paid Benefits and Withholding Items</b>		331,437					331,437

<b>Insurance</b>							
486.00	Insurance, Casualty, and Surety	115,753					115,753
<b>Total Insurance</b>		115,753					115,753

<b>Unclassified Operating Expenditures</b>							
488.00	Fiduciary Fund Benefits and Refunds Paid					765,112	765,112
489.00	All Other Unclassified Expenditures					40,856	40,856
<b>Total Unclassified Operating Expenditures</b>						805,968	805,968

<b>Other Financing Uses</b>							
491.00	Refund of Prior Year Revenues	6,894					6,894
492.00	Interfund Operating Transfers	318,498	325,000				643,498
493.00	All Other Financing Uses	41,753					41,753
<b>Total Other Financing Uses</b>		367,145	325,000				692,145

<b>TOTAL EXPENDITURES</b>		7,644,939	630,404	24,850		3,605,195	805,968	12,711,356
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>		152,140	141,071	300,636		548,834	342,090	1,484,771
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**ELIZABETH 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	2011	2032	2,130,000	1,790,000	0	1,790,000	0	0	0	0
General Obligation Note	Note	2016	2021	107,000	91,958	0	17,140	0	74,818	0	74,818
General Obligation Note	Note	2016	2021	68,088	64,720	0	11,829	0	52,891	0	52,891
General Obligation Bond	Bond	2017	2032	1,885,000	0	1,885,000	35,000	0	1,850,000	0	1,850,000
General Obligation Note	Note	2017	2022	58,195	0	58,195	3,615	0	54,580	0	54,580
General Obligation Note	Note	2017	2022	36,719	0	36,719	4,991	0	31,728	0	31,728
<b>Revenue Bonds and Notes</b>											
Sewer Revenue Bonds, Series 2009	Bond	2013	2039	7,405,000	6,925,000	0	165,000	0	6,760,000	-71,382	6,688,618
Sewer Revenue Bonds, Series 2011	Bond	2013	2041	7,775,000	7,415,000	0	120,000	0	7,295,000	-82,627	7,212,373
Sewer Revenue Bonds, Series 2012	Bond	2013	2038	15,065,000	13,695,000	0	475,000	0	13,220,000	-111,287	13,108,713
<b>Lease Rental Debt</b>											
Capital Lease - Dump Truck	Capital Leases	2014	2019	370,311	225,564	0	72,880	0	152,684	0	152,684
Capital Lease - Police Vehicles	Capital Leases	2015	2020	186,071	111,737	0	35,531	0	76,206	0	76,206
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	29,073,721
<b>Capitalized lease obligations</b>	228,890
<b>Net debt</b>	29,302,611

**ELIZABETH TWP, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	7,600	22,493	30,093
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation		70,560	70,560
Sewer	74,748	317,779	392,527
Solid Waste			
Streets / Highways	35,889		35,889
Water	27,842		27,842
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>146,079</b>	<b>410,832</b>	<b>556,911</b>

**EMPLOYEE COMPENSATION**

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

1,673,488



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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: Horner, Wible & Terek, PC Appointed Auditor/CPA

December 31, 2017

**NOTES / COMMENTS**

The Township reduced the assumption regarding the useful life of certain enterprise capital assets from 50-100 years to industry standards of 20-50 years. The change in accounting estimates resulted in the following adjustments to the value of capital assets effective January 1, 2017 - Enterprise Fund Capital Assets - Decrease (4,482,127).

The net position related to the fiduciary pension plans was adjusted to agree with the PMRS GASB 68 report as prescribed by the PMRS DCED report mapping tool. The adjustment resulted in an increase in beginning net position of the Fiduciary Trust & Agency Funds of \$13,733,062. The adjustment includes Police Pension Plan \$8,773,965, Non-Uniformed Pension Plan \$4,239,301, and Sanitary Authority Pension Plan \$719,796.