

**2014 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**021114 ELIZABETH TWP, ALLEGHENY COUNTY**

## Independent Auditor's Report

Board of Commissioners  
Township of Elizabeth

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 (financial statements) included in the 2014 Annual Audit and Financial Report of the Township of Elizabeth (Township).

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

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from 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 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 Township'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 Township'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 financial statements.

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 financial statements 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 financial statements to be prepared on the cash basis of accounting, without statement of cash flows, without component unit financial information, without government-wide

financial statements, without Management's Discussion and Analysis, without budgetary comparisons, and require all funds to be aggregated by fund type on the financial statements.

The effects on the financial statements 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 financial statements 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, 2014 and the results of its operations for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the Township as of December 31, 2014 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.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's financial statements as a whole. The notes to the DCED schedules on pages 17-29 are presented for purpose of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
April 6, 2015



ELIZABETH TWP, ALLEGHENY COUNTY  
BALANCE SHEET  
December 31, 2014

Liabilities and Other Credits	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
260-269 Long-Term-Liabilities								30,961,229	30,961,229	
240-259 Current Portion of Long-Term Debt and Other Credits								899,082	899,082	
<b>Total Liabilities and Other Credits</b>	24,181							31,860,311	31,860,311	31,884,492

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	1,754,381	416,521	2,057,907							4,228,809
291-299 Other Equity										
<b>Total Fund and Account Group Equity</b>	1,754,381	416,521	2,057,907							4,228,809

**TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY** 36,113,301



**ELIZABETH TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

	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	1,585	467	1,451			3,503
342.00	Rents and Royalties						
	<b>Total Interest, Rents and Royalties</b>	1,585	467	1,451			3,503

Federal							
351.03	Highways and Streets						
351.09	Community Development						
351.00	All Other Federal Capital and Operating Grants	59,437					59,437
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>	59,437					59,437

State							
354.03	Highways and Streets	41,702					41,702
354.09	Community Development						
354.15	Recycling / Act 101	404					404
354.00	All Other State Capital and Operating Grants	75,078					75,078
355.01	Public Utility Realty Tax (PURTA)	4,929					4,929
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		357,003				357,003
355.04	Alcoholic Beverage Licenses	3,850					3,850
355.05	General Municipal Pension System State Aid	54,087					54,087
355.07	Foreign Fire Insurance Tax Distribution	69,138					69,138
355.08	Local Share Assessment/Gaming Proceeds						





ELIZABETH TWP, ALLEGHENY County  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

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								
368.00	Airports							
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>	150,440						150,440

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors							
388.00	Fiduciary Fund Pension Contributions							
389.00	All Other Unclassified Operating Revenues	53,306						53,306
	<b>Total Unclassified Operating Revenues</b>	53,306						53,306

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	727,651	282,612					1,010,263
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

**ELIZABETH TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

	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	
<b>REVENUES</b>									
<b>Other Financing Sources</b>									
395.00	Refunds of Prior Year Expenditures		26,362						26,362
	<b>Total Other Financing Sources</b>	754,013	282,612						1,036,625
<b>TOTAL REVENUES</b>									
		5,748,972	948,745	1,451					6,699,168

<b>EXPENDITURES</b>									
<b>General Government</b>									
400.00	Legislative (Governing) Body		67,879						67,879
401.00	Executive (Manager or Mayor)								
402.00	Auditing Services / Financial Administration		11,731						11,731
403.00	Tax Collection		40,526						40,526
404.00	Solicitor / Legal Services		138,987						138,987
405.00	Secretary / Clerk		300,476						300,476
406.00	Other General Government Administration		8,111						8,111
407.00	IT-Networking Services-Data Processing								
408.00	Engineering Services		279,509						279,509
409.00	General Government Buildings and Plant		146,462						146,462
	<b>Total General Government</b>		993,681						993,681

<b>Public Safety</b>									
410.00	Police		1,353,499						1,353,499
411.00	Fire		215,847	298,425					514,272
412.00	Ambulance / Rescue		952						952
413.00	UCC and Code Enforcement		60,947						60,947
414.00	Planning and Zoning		37,270						37,270
415.00	Emergency Management and Communications		74,401						74,401

**ELIZABETH TWP, ALLEGHENY County**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

	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							
416.00	Militia and Armories								
417.00	Examination of Licensed Occupations								
418.00	Public Scales (weights and measures)								
419.00	Other Public Safety	15,183							15,183
	<b>Total Public Safety</b>	<b>1,758,099</b>	<b>298,425</b>						<b>2,056,524</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								
427.00	Solid Waste Collection and Disposal (garbage)								
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection	7,037							7,037
	<b>Total Public Works - Sanitation</b>	<b>7,037</b>							<b>7,037</b>

		Public Works - Highways and Streets							
430.00	General Services - Administration	979,828							979,828
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance - Snow Removal	347,785							347,785
433.00	Traffic Control Devices	19,942							19,942
434.00	Street Lighting	153,868							153,868
435.00	Sidewalks and Crosswalks								
436.00	Storm Sewers and Drains	109,984							109,984



ELIZABETH TWP, ALLEGHENY County  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

	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								
457.00	Civil and Military Celebrations	2,385						2,385
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
	<b>Total Culture and Recreation</b>	54,962						54,962

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							
	<b>Total Community Development</b>							

Debt Service								
471.00	Debt Principal (short-term and long-term)	85,000						85,000
472.00	Debt Interest (short-term and long-term)	63,568						63,568
475.00	Fiscal Agent Fees							
	<b>Total Debt Service</b>	148,568						148,568

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	54,087						54,087
484.00	Worker Compensation Insurance	104,201						104,201

ELIZABETH TWP, ALLEGHENY County  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2014

	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										
487.00	Other Group Insurance Benefits	76,626								76,626
<b>Total Employer Paid Benefits and Withholding Items</b>		234,914								234,914

Insurance										
486.00	Insurance, Casualty, and Surety	20,661								20,661
<b>Total Insurance</b>		20,661								20,661

Unclassified Operating Expenditures										
488.00	Fiduciary Fund Benefits and Refunds Paid									
489.00	All Other Unclassified Expenditures	3,191	4							3,195
<b>Total Unclassified Operating Expenditures</b>		3,191	4							3,195

Other Financing Uses										
491.00	Refund of Prior Year Revenues	57,913								57,913
492.00	Interfund Operating Transfers	282,612	727,651							1,010,263
493.00	All Other Financing Uses									
<b>Total Other Financing Uses</b>		340,525	727,651							1,068,176

<b>TOTAL EXPENDITURES</b>	5,704,806	1,026,090								6,730,896
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	44,166	-77,345	1,451							-31,728
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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	2,050,000		85,000		1,965,000		1,965,000
<b>Revenue Bonds and Notes</b>											
Sewer Revenue Bonds, Series 2009	Bond	2013	2039	7,405,000	7,405,000		155,000		7,250,000		7,250,000
Sewer Revenue Bonds, Series 2011	Bond	2013	2041	7,775,000	7,775,000		120,000		7,655,000		7,655,000
Sewer Revenue Bonds, Series 2012	Bond	2013	2038	15,065,000	15,065,000		445,000		14,620,000		14,620,000
<b>Lease Rental Debt</b>											
Capital Lease - Dump Truck	Capital Leases	2014	2019	370,311	0	370,311			370,311		370,311
<b>Other</b>											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 31,860,311  
 Capitalized lease obligations  
 Net debt 31,860,311

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

December 31, 2014

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire			
Gas System			
General Government	81,972		81,972
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	77,303		77,303
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water			
Other: _____			
Community Development			
<b>TOTAL CAPITAL EXPENDITURES</b>	159,275		159,275

**EMPLOYEE COMPENSATION**

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

1,647,021



**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

DCED-CLGS-30 (9-09)

**ELIZABETH TWP, ALLEGHENY County**  
December 31, 2014

**NOTES / COMMENTS**

The Sewer Revenue Bonds reported are not general obligations of the Township, but are limited obligations, payable solely from the pledged revenues of the Elizabeth Township Authority (Sanitary Sewer Authority). There is no other recourse against the Township or claim upon the taxing power or tax revenues of the Township. The Township has not pledged its credit or taxing power with respect to its obligations under or in respect of the Bonds or the Trust Indenture. Payments on these bonds are made by the Elizabeth Township Authority as the Authority is responsible for collection of the revenue to pay these bonds.

Payments of Debt on the Statement of Revenues and Expenditures is the actual payments that Elizabeth Township made on its debt during 2014. The amount of debt payments on the debt schedule represent the payments made by the Township on its general obligation bond and capital lease and payments made by the Elizabeth Township Authority for the Sewer Revenue Bonds, in which the Township has limited obligation.