

**2011 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

022223 MUNHALL BORO, ALLEGHENY COUNTY

Mark C. Turnley

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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, 2011.

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 did not audit the Borough's current and prior real estate tax receipts totaling \$3,280,989. These receipts were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Borough of Munhall, is based solely on the report of the other auditors. 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 qualified audit opinion.

American Institute of Certified Public Accountants

Pennsylvania Institute of Certified Public Accountants

Mark C. Turnley, CPA

Opinions

Basis for Qualified Opinion

The accompanying special purpose financial report was prepared in conformity 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. The accounting practices and procedures of the DCED permit the preparation of the special purpose financial report without financial statement note disclosures, Management's discussion and Analysis, government-wide statements, and budget to actual statements, as required by accounting principles generally accepted in the United States of America. The effects on the special purpose financial report, as a result of the differences between the DCED accounting practices and procedures and accounting principles generally accepted in the United States of America, are not reasonably determinable.

The accompanying balance sheet for the General Fund includes cash related to the Borough of Munhall's payroll bank account of \$83,766 and payroll tax liabilities of \$0. The statement of revenues and expenditures includes payroll related disbursements (gross wages and employer share of fiscal/medicare) of \$2,973,242. The statement of capital expenditures includes employee compensation of \$2,764,162. The payroll records of the Borough of Munhall were destroyed for the calendar year 2011 prior to the year-end audit. Accordingly, I was unable to obtain sufficient appropriate audit evidence related to the Borough's aforementioned payroll related cash and liability balances, and payroll related disbursements (gross wages and employer share of fiscal/medicare), for the calendar year 2011 and could not determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In my opinion, because of the effects of the matter discussed in the first paragraph under 'Basis for Qualified Opinion', the special purpose financial report referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough, or changes in financial position thereof for the year then ended.

In my opinion, except for the possible effects of the matter described in the second paragraph under 'Basis for Qualified Opinion', the special purpose financial report referred to above presents fairly, in all material respects, the financial position of the Borough of Munhall's as of December 31, 2011, and the results of its operations for the year then ended in conformity with the accounting practices and procedures prescribed by the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED).

Sincerely,



Mark C. Turnley, CPA

May 29, 2014
Rochester, Pennsylvania

MUNHALL BORO, ALLEGHENY County

BALANCE SHEET

December 31, 2011

		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										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		657	54,977					37,310			92,944
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	388,014	206,302	3,362				10,346,282			10,943,960
291-299	Other Equity										
Total Fund and Account Group Equity		388,014	206,302	3,362				10,346,282			10,943,960
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											11,036,904

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2011

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	3,475,116						3,475,116
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)	333,583						333,583
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	43,954						43,954
310.20	Earned Income Taxes / Wage Taxes	718,638						718,638
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	75,508						75,508
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	27,650						27,650
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		4,674,449						4,674,449

Licenses and Permits								
320-322	All Other Licenses and Permits	113,580						113,580
321.80	Cable Television Franchise Fees	202,662						202,662
Total Licenses and Permits		316,242						316,242

Fines and Forfeits								
330-332	Fines and Forfeits	58,525	49,240					107,765
Total Fines and Forfeits		58,525	49,240					107,765

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2011

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	10,369	241	4			35,833	46,447
342.00	Rents and Royalties	575						575
Total Interest, Rents and Royalties		10,944	241	4			35,833	47,022

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							
Total Federal								

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants		50,000					50,000
355.01	Public Utility Realty Tax (PURTA)	7,922						7,922
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		227,326					227,326
355.04	Alcoholic Beverage Licenses	2,800						2,800
355.05	General Municipal Pension System State Aid	302,884						302,884
355.07	Foreign Fire Insurance Tax Distribution	93,541						93,541
355.08	Local Share Assessment/Gaming Proceeds							

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2011

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								
355.09	Marcellus Shale Impact Fee Distribution							
355.00	All Other State Shared Revenues and Entitlements	14,391						14,391
356.00	State Payments in Lieu of Taxes							
Total State		421,538	277,326					698,864

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	7,000						7,000
Total Local Government Units		7,000						7,000

Charges for Service								
361.00	General Government	22,109						22,109
362.00	Public Safety	103,284						103,284
363.20	Parking	37,756						37,756
363.00	All Other Charges for Highway & Street Services	7,703						7,703
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)	616,339						616,339
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	360						360
366.00	Human Services							
367.00	Culture and Recreation							

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2011

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							
Total Charges for Service		787,551						787,551

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							
Total Unclassified Operating Revenues								

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	6,301						6,301
392.00	Interfund Operating Transfers	200,000	4,000					204,000
393.00	Proceeds of General Long-Term Debt	104,400						104,400
394.00	Proceeds of Short Term-Debt	800,000						800,000

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2011

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						
Total Other Financing Sources		1,110,701	4,000				1,114,701
TOTAL REVENUES		7,386,950	330,807	4		35,833	7,753,594

EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	16,800					16,800
401.00	Executive (Manager or Mayor)	86,866					86,866
402.00	Auditing Services / Financial Administration	11,565					11,565
403.00	Tax Collection	43,701					43,701
404.00	Solicitor / Legal Services	35,030					35,030
405.00	Secretary / Clerk	35,323					35,323
406.00	Other General Government Administration	53,215					53,215
407.00	IT-Networking Services-Data Processing	22,758					22,758
408.00	Engineering Services	43,833					43,833
409.00	General Government Buildings and Plant	148,836					148,836
Total General Government		497,927					497,927

Public Safety							
410.00	Police	2,123,813	43,404				2,167,217
411.00	Fire	517,102					517,102
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	61,572					61,572
414.00	Planning and Zoning						
415.00	Emergency Management and Communications	199,157					199,157

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2011

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 Armones						
417.00	Examination of Licensed Occupations						
418.00	Public Scales (weights and measures)						
419.00	Other Public Safety						
Total Public Safety		2,901,644	43,404				2,945,048

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)	423,939					423,939
428.00	Weed Control						
429.00	Wastewater / Sewage Treatment and Collection						
Total Public Works - Sanitation		423,939					423,939

Public Works - Highways and Streets							
430.00	General Services - Administration	1,134,573					1,134,573
431.00	Cleaning of Streets and Gutters						
432.00	Winter Maintenance – Snow Removal	218,720					218,720
433.00	Traffic Control Devices	8,489					8,489
434.00	Street Lighting	234,923					234,923
435.00	Sidewalks and Crosswalks						
436.00	Storm Sewers and Drains	20,320					20,320

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2011

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							
437.00	Repairs of Tools and Machinery	23,327					23,327
438.00	Maintenance and Repairs of Roads and Bridges	11,500	19,278				30,778
439.00	Highway Construction and Rebuilding Projects	30,869					30,869
Total Public Works - Highways and Streets		1,682,721	19,278				1,701,999

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						
Total Other Public Works Enterprises							

Culture and Recreation							
451.00	Culture-Recreation Administration	1,201					1,201
452.00	Participant Recreation	7,096					7,096
453.00	Spectator Recreation						
454.00	Parks	20,501					20,501
455.00	Shade Trees						
456.00	Libraries	20,100					20,100

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2011

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							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	19,545						19,545
Total Culture and Recreation		68,443						68,443

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)	919,770						919,770
472.00	Debt Interest (short-term and long-term)	32,781						32,781
475.00	Fiscal Agent Fees	2,368						2,368
Total Debt Service		954,919						954,919

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	209,080						209,080
482.00	Judgments and Losses	12,401						12,401
483.00	Pension / Retirement Fund Contributions	2,979						2,979
484.00	Worker Compensation Insurance	269,628						269,628

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2011

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	1,887					1,887
Total Employer Paid Benefits and Withholding Items		495,975					495,975

Insurance							
486.00	Insurance, Casualty, and Surety	102,777					102,777
Total Insurance		102,777					102,777

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid					662,758	662,758
489.00	All Other Unclassified Expenditures	15,507				62,281	77,788
Total Unclassified Operating Expenditures		15,507				725,039	740,546

Other Financing Uses							
491.00	Refund of Prior Year Revenues		31,064				31,064
492.00	Interfund Operating Transfers	4,000	200,000				204,000
493.00	All Other Financing Uses						
Total Other Financing Uses		4,000	231,064				235,064

TOTAL EXPENDITURES		7,147,852	293,746				725,039	8,166,637
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES		239,098	37,061	4			-689,206	-413,043
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MUNHALL BORO
December 31, 2011

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											
Revenue Bonds and Notes											
AIM Loan	Note	2010	2015	115,000	115,000				115,000		115,000
Tax Anticipation Note	Note	2011	2011	800,000	0	800,000	800,000		0		0
Lease Rental Debt											
Equipment Lease	Lease Rentals	2002	2012	208,598	52,188		25,513		26,675		26,675
2008 Garbage Truck	Lease Rentals	2008	2013	257,152	160,982		51,332		109,650		109,650
2011 Police Cars	Capital Leases	2011	2014	73,516	0	73,516	21,451		52,065		52,065
Other											
2008 Police Car	Note	2008	2011	64,345	21,474		21,474		0		0

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	303,390
Capitalized lease obligations	0
Net debt	303,390

MUNHALL BORO, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2011

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire	29,147	134,500	163,647
Gas System			
General Government	28,147		28,147
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	73,516		73,516
Recreation			
Sewer			
Solid Waste			
Streets / Highways	94,072		94,072
Water			
Other: _____			
Community Development			
TOTAL CAPITAL EXPENDITURES	224,882	134,500	359,382

EMPLOYEE COMPENSATION

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

2,764,162

**Municipal Statistics
User Comments**

Use this section for notes to the financial statements.

Comment details

Comments

* Please note that if you paste into this field you may exceed the maximum length of the field (4000 characters).

Date/Time	User	Comments	
5/29/2014 9:53:55 AM	Faulk, Harry	For the calendar year 2011, the Borough of Munihall changed the method of accounting from the modified accrual basis of accounting to the cash basis of accounting. Accordingly, the fund balance of the General Fund, Special Revenue Funds, Capital Project Fund, and Trust and Agency Fund as of December 31, 2010, and as has been previously reported to the Department of Community and Economic Development in the 2010 Municipal Annual Audit and Financial Report, has been restated as of January 1, 2011 to reflect the effects of changing to the cash basis of accounting. The conversion entries as of January 1, 2011 changed the General Fund balance from \$441,299 to \$148,916, the Special Revenue Fund balance from \$101,612 to \$169,241, and the Trust and Agency Fund balance from \$11,040,726 to \$11,035,486.	Edit Delete

