

**2012 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 Munnhall
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 Munnhall, Allegheny County, Pennsylvania as of and for the year ended December 31, 2012.

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 \$3,185,383. 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 Munnhall, 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 \$131,785 and payroll tax liabilities of \$0. The statement of revenues and expenditures includes payroll related disbursements (gross wages and employer share of fical/medicare) of \$3,295,958. The statement of capital expenditures includes employee compensation of \$2,866,513. The payroll records of the Borough of Munhall were destroyed for the calendar year 2012 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 fical/medicare), for the calendar year 2012 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, 2012, 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, 2012

		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		1,262	19,804					41,026			62,092
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	566,921	24,850	4				11,306,188			11,897,963
291-299	Other Equity										
Total Fund and Account Group Equity		566,921	24,850	4				11,306,188			11,897,963
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											11,960,055

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2012

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	3,422,956						3,422,956
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)	360,211						360,211
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	116,953						116,953
310.20	Earned Income Taxes / Wage Taxes	1,138,486						1,138,486
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	25,986						25,986
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	21,850						21,850
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		5,086,442						5,086,442

Licenses and Permits								
320-322	All Other Licenses and Permits	90,577						90,577
321.80	Cable Television Franchise Fees	216,517						216,517
Total Licenses and Permits		307,094						307,094

Fines and Forfeits								
330-332	Fines and Forfeits	49,300	77,263					126,563
Total Fines and Forfeits		49,300	77,263					126,563

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2012

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	253						253
355.00	All Other State Shared Revenues and Entitlements	13,734						13,734
356.00	State Payments in Lieu of Taxes							
Total State		310,439	217,090					527,529

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	16,731						16,731
362.00	Public Safety	86,984						86,984
363.20	Parking	29,042						29,042
363.00	All Other Charges for Highway & Street Services	6,827						6,827
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)	761,662						761,662
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	130						130
366.00	Human Services							
367.00	Culture and Recreation							

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2012

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		901,376						901,376

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					299,905		299,905
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues						299,905		299,905

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	4,534						4,534
392.00	Interfund Operating Transfers							
393.00	Proceeds of General Long-Term Debt	10,600						10,600
394.00	Proceeds of Short Term-Debt	800,000						800,000

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2012

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	34,879					34,879
Total Other Financing Sources		850,013					850,013
TOTAL REVENUES		7,522,952	294,353			1,688,587	9,505,892

EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	16,800					16,800
401.00	Executive (Manager or Mayor)	150,147					150,147
402.00	Auditing Services / Financial Administration	7,830					7,830
403.00	Tax Collection	90,833					90,833
404.00	Solicitor / Legal Services	35,774					35,774
405.00	Secretary / Clerk	70,960					70,960
406.00	Other General Government Administration	41,153					41,153
407.00	IT-Networking Services-Data Processing	7,121					7,121
408.00	Engineering Services						
409.00	General Government Buildings and Plant	195,013					195,013
Total General Government		615,631					615,631

Public Safety							
410.00	Police	2,246,356	143,263	3,358			2,392,977
411.00	Fire	333,405	9,505				342,910
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	65,193					65,193
414.00	Planning and Zoning						
415.00	Emergency Management and Communications	227,640					227,640

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2012

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							
Total Public Safety		2,872,594	152,768	3,358				3,028,720

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)	388,535						388,535
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
Total Public Works - Sanitation		388,535						388,535

Public Works - Highways and Streets								
430.00	General Services - Administration	1,075,216						1,075,216
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal	57,792						57,792
433.00	Traffic Control Devices	9,472						9,472
434.00	Street Lighting	194,582						194,582
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	13,917						13,917

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2012

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	13,999					13,999
438.00	Maintenance and Repairs of Roads and Bridges	99,172					99,172
439.00	Highway Construction and Rebuilding Projects	27,814	323,037				350,851
Total Public Works - Highways and Streets		1,491,964	323,037				1,815,001

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	2,985					2,985
452.00	Participant Recreation	11,069					11,069
453.00	Spectator Recreation						
454.00	Parks	48,444					48,444
455.00	Shade Trees						
456.00	Libraries	20,000					20,000

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2012

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	2,500						2,500
Total Culture and Recreation		84,998						84,998

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)	927,702						927,702
472.00	Debt Interest (short-term and long-term)	24,982						24,982
475.00	Fiscal Agent Fees	1,378						1,378
Total Debt Service		954,062						954,062

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	232,175						232,175
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	316,658						316,658
484.00	Worker Compensation Insurance	227,923						227,923

MUNHALL BORO, ALLEGHENY County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2012

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	1,862					1,862
Total Employer Paid Benefits and Withholding Items		778,618					778,618

Insurance							
486.00	Insurance, Casualty, and Surety	107,334					107,334
Total Insurance		107,334					107,334

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid					665,600	665,600
489.00	All Other Unclassified Expenditures	50,308				63,082	113,390
Total Unclassified Operating Expenditures		50,308				728,682	778,990

Other Financing Uses							
491.00	Refund of Prior Year Revenues						
492.00	Interfund Operating Transfers						
493.00	All Other Financing Uses						
Total Other Financing Uses							

TOTAL EXPENDITURES	7,344,044	475,805	3,358			728,682	8,551,889
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	178,908	-181,452	-3,358			959,905	954,003
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MUNHALL BORO
December 31, 2012

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		23,000		92,000		92,000
Tax Anticipation Note	Note	2012	2012	800,000	0	800,000	800,000		0		0
Lease Rental Debt											
Equipment Lease	Capital Leases	2002	2012	208,598	26,675		26,675		0		0
2008 Garbage Truck	Capital Leases	2008	2013	257,152	109,650		53,626		56,024		56,024
2011 Police Cars	Capital Leases	2011	2014	73,516	52,065		24,401		27,664		27,664
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

175,688

Capitalized lease obligations

0

Net debt

175,688

MUNHALL BORO, ALLEGHENY County
STATEMENT OF CAPITAL EXPENDITURES
December 31, 2012

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire	49,572		49,572
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks	28,700		28,700
Police	200,041		200,041
Recreation			
Sewer			
Solid Waste			
Streets / Highways	106,094	323,037	429,131
Water			
Other: _____			
Community Development			
TOTAL CAPITAL EXPENDITURES	384,407	323,037	707,444

EMPLOYEE COMPENSATION

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

2,866,513