



KENNETT TOWNSHIP  
FINANCE & HR DEPARTMENT

TO: Kennett Township Board of Supervisors

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FROM: Amy Heinrich, Finance & HR Director, Treasurer  
Subject: 2019 Audit Results Introduction – April 21, 2021

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Today, we will be presenting the results and follow-up from our 2019 Audit. Our independent audit was conducted by Maillie LLP, a regional leader in the government space.

The purpose of this memo is to introduce you to the many documents associated with the audit process to ensure you can see the full picture of our audit process in general and specifically for 2019.

Maillie was selected by Kennett Township in December of 2019 to serve as our external independent auditor to conduct a comprehensive audit. Their proposal document shared at that time provides substantial background information on the company and their audit approach and philosophy. The document is still on our website at the link below.

<https://www.kennett.pa.us/DocumentCenter/View/3786/Maillie-Kennett-Township-Proposal-2019-2021?bidId=>

**Maillie Audit Deliverables:**

There are three formal deliverables from Maillie that conclude the 2019 audit. These three documents are all on our website for the 2019 audit at the links below.

• **Department of Community and Economic Development (DCED) Financial Statements:**

This is the format required by the DCED, the body within the Pennsylvania state government that regulates township financials. It is cash basis. The 2020 audit will remain cash basis and we will transition to modified accrual for 2021, which is the best practice for local government. At that point, there will be a more sophisticated set of financial statements and footnotes.

<https://www.kennett.pa.us/DocumentCenter/View/4641/Annual-Audit-and-Financial-Report-2019?bidId=>

The actual financial statement output discussed above is only one aspect of a comprehensive audit. The extensive audit processes result in two other deliverables. These are letters to the Board of Supervisors required by the American Institute of CPAs (AICPA) via their Statements on Auditing Standards (SAS) for all financial statement audits.

• **Statements on Auditing Standards (SAS) 114 Letter:**

The purpose of the letter is to communicate to those charged with governance, such as the Board of Directors, Audit Committee, President, or Management, the scope of audit procedures performed, significant findings, and other information, such as disagreements with management, audit adjustments and significant estimates, that aren't communicated in the audited financial statements.

<https://www.kennett.pa.us/DocumentCenter/View/4707/Audit-Memo-KT-SAS-114>

• **Statements on Auditing Standards (SAS) 115 Letter:**

The SAS 115 letter is another requirement that communicates any significant deficiencies or material weaknesses in internal controls found during the audit. While any significant deficiencies or material weaknesses would have

been discussed with management during the audit, the AICPA requires the auditor to communicate them to those charged with governance in writing. Along with identifying deficiencies in the controls, the auditor may also offer recommendations for ways to improve these controls that will help to mitigate risk and strengthen the Township's accounting processes.

<https://www.kennett.pa.us/DocumentCenter/View/4708/Audit-Memo-KT-SAS-115>

**Township Response:**

- Given my review of processes and records in early 2019 and prior, the concerns and recommendations raised by Maillie are not a surprise to me. The presentation linked below includes a detailed response on each internal control deficiency or weakness identified by Maillie in the SAS 115 letter. The recommendations align with best practices that we agree are necessary in almost all cases and we implemented as many as possible as quickly as possible. That said, the overhaul required does take substantial time to fully implement as it includes new systems, staff, training, etc. For example, our new general ledger accounting system, Sage Intacct, is a key aspect to the final solutions. We are live on Sage as of January 1, 2021 with additional capabilities implemented continuously.

[https://www.kennett.pa.us/DocumentCenter/View/4714/Agenda-Item-5\\_2019-Audit](https://www.kennett.pa.us/DocumentCenter/View/4714/Agenda-Item-5_2019-Audit)



# 2019 Audit: Management Response to Internal Control

Findings & Recommendations (SAS 115)

March 19, 2021 | 12:30 p.m. | Remote Executive Session Via Zoom

# Introduction to 2019 Audit Findings

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- The former Township Manager, Lisa Moore, was dismissed from her position in early May 2019 after the discovery of potential fraud. Therefore, 2019 activity included suspected fraud and material weaknesses in internal controls.
- An extensive investigation was conducted by the District Attorney's office and Marcum LLP, a forensic accounting firm. Moore was charged with multiple felonies related to fraud, theft, and embezzlement of Township funds.
- Maillie LLP completed an extensive annual audit of Kennett Township 2019 financials.
- As expected, the 2019 audit conducted by Maillie LLP includes several deficiencies determined to be material weaknesses.

# Introduction to 2019 Audit Findings

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- **Township staff addressed almost all of the identified items as quickly as possible in late 2019-2020. A few remaining have been made more recently with the implementation of Sage Intact, our new general ledger system, and other systems enhancements.**
- This presentation responds and comments in detail to each material weakness identified in the audit.

# Investigation into Activity of Prior Township Manager

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Audit Findings <small>(recapped by management)</small>	Management Response
Investigation into Activity of prior Township Manager	<ul style="list-style-type: none"><li>• An extensive investigation was conducted by the Chester County District Attorney's office and Marcum LLP, a forensic accounting firm.</li><li>• Forensic accounting findings were incorporated into legal charges against Moore by District Attorney's office</li><li>• 2019 questionable &amp; suspicious activity shown in line 482.00 Judgements &amp; Losses</li><li>• Every 2019 transaction has been thoroughly reviewed and reconciled to bank records and other back-up documents.</li></ul>

# Interfund Balance & Fund Balance:

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Audit Findings <small>(recapped by management)</small>	Management Response
<ul style="list-style-type: none"><li>• Initial amounts recorded as transfers between funds did not reconcile</li><li>• Differences existed between closing 2018 DCED fund balance and opening 2019 Quick Books fund balance.</li></ul>	<ul style="list-style-type: none"><li>• Internal QuickBooks (QB) financials from early 2019 and prior under the prior Manager’s leadership were not accurate and did not match what was given to prior auditors &amp; DCED.</li><li>• 2018 ending balances and all of 2019 has been thoroughly reviewed and reconciled to bank records and other back-up documents. Any required adjustments are reflected in the 2019 audit documents. The adjusting entries were completed together between Maillie and Township staff.</li><li>• Bank reconciliations are completed monthly and financials are reviewed monthly.</li><li>• 2019 and prior QB were separate QB companies per fund, which made keeping balanced records more challenging. All funds were merged into one QB company for 2020. It’s even easier in Sage for 2021+</li><li>• All transfers between funds are recorded through revenue and expense accounts</li></ul>

# Cash Disbursements & Expense

Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"> <li>Not all invoices had evidence of approval. Each individual invoice should have a signature indicating approval for payment</li> </ul>	<ul style="list-style-type: none"> <li>All invoices are approved by one or more members of the management team.</li> <li>Most activity without approvals or missing invoices was early 2019 w/ very limited missing approvals or invoices later in 2019.</li> </ul>
<ul style="list-style-type: none"> <li>Invoices could not be located for 3 transactions (not related to the identified questionable &amp; suspicious activity of the prior Township Manager)</li> </ul>	<ul style="list-style-type: none"> <li>There was a lot of turmoil given the discovery of the fraud. While the Township was immediately stabilized by the Board and interim manager, there were a few items that didn't get full approval and/or invoices were lost. Those items have since been reviewed and were valid expenses.</li> </ul>
<ul style="list-style-type: none"> <li>Checks signed using a stamp</li> </ul>	<ul style="list-style-type: none"> <li>All stamped signatures were early 2019, prior to fraud discovery. All checks are signed by two members of the Board of Supervisors. The usage of stamps have been eliminated in Township operations.</li> </ul>
<ul style="list-style-type: none"> <li>Checks for smaller amounts only had one signature</li> </ul>	<ul style="list-style-type: none"> <li>By prior process, smaller checks were permitted to have just one signature. That was changed; all checks have 2 BOS signatures.</li> </ul>
<ul style="list-style-type: none"> <li>Found one instance of a bill being paid twice (refund received)</li> </ul>	<ul style="list-style-type: none"> <li>QB has the capability to verify that an invoice number is unique, but it was not implemented. The new Finance team immediately implemented that capability (&amp; it is also used in Sage (new GL)).</li> </ul>
<ul style="list-style-type: none"> <li>Annual budgeted contributions to local boards and authorities not in equal installments and limited back-up provided</li> </ul>	<ul style="list-style-type: none"> <li>Items were not always paid in their usual/logical interval in 2019 given the unique situations in 2019 with turnover, freezing old bank accounts, opening new bank accounts, holding off on certain payments, etc. Amounts have been verified vs budget to be correct for 2019 unless otherwise reported to the fraud GL. All payments of this type now are accompanied by back-up and rationale if payment isn't distributed in equal/logical intervals.</li> </ul>



# Journal Entries

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Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"><li>• No process to ensure manual entries were reviewed and approved.</li></ul>	
<ul style="list-style-type: none"><li>○ Recurring journal entries</li></ul>	<ul style="list-style-type: none"><li>• Each have an established process and back-up</li><li>• E.g. interest income and bank fees recorded during Bank Reconciliation process in QB; recs are approved.</li><li>• E.g. Payroll follows a template with all back-up available. Payroll is reviewed/approved by multiple people.</li></ul>
<ul style="list-style-type: none"><li>○ Non-recurring journal entries</li></ul>	<ul style="list-style-type: none"><li>• Miscellaneous journal entries all have back-up</li></ul>

# Cash Receipts - Segregation of Duties

Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"> <li>Accounting clerk received all receipts, entered receipts into QB, prepared the deposit and took to bank.</li> <li>Duties not segregated</li> </ul>	<ul style="list-style-type: none"> <li>In 2019, there was only one other Finance team member other than the Twp Manager.</li> <li>By the end of 2020, we had Finance/HR Director + 3 team members.</li> <li>Duties have been segregated further.</li> <li>We have put a lot of focus on implementing means of making payments w/ embedded controls (vs. cash &amp; checks mailed to Twp)</li> </ul>
<ul style="list-style-type: none"> <li>The audit didn't specifically comment on cash vs. check but would be "receipts" would be all encompassing.</li> </ul>	<ul style="list-style-type: none"> <li>We do not accept cash.</li> <li>We now take credit cards for all payments, including permits &amp; police reports. We never received much cash but now do not accept any cash. Credit cards have also reduced the volume of checks.</li> <li>Additionally, sewer payments go to a lockbox service to drastically reduce check volume. Lockbox has many embedded controls.</li> <li>Lastly, payments from other government bodies and most grant funders come electronically.</li> </ul>
<ul style="list-style-type: none"> <li>One employee, preferably the receptionist, should open the mail, make a control list of all receipts (checks), and restrictively endorse all items received as "for deposit only", preventing any unauthorized endorsement</li> </ul>	<ul style="list-style-type: none"> <li>Receptionist opens mail, scans checks to Finance team members &amp; puts in a secure box.</li> <li>A control list has been added to the process.</li> <li>She does not stamp given our stamps are bank account specific &amp; the receptionist wouldn't know which account (fund). Finance stamps each check. We will look into a small supplemental "Dep only" stamp.</li> </ul>
<ul style="list-style-type: none"> <li>Checks should go to another employee for further processing &amp; deposit</li> </ul>	<ul style="list-style-type: none"> <li>Finance team member stamps with bank information, enters into GL &amp; deposits in bank.</li> </ul>
<ul style="list-style-type: none"> <li>Third person should compare deposit slips to list of receipts</li> </ul>	<ul style="list-style-type: none"> <li>Deposits are reviewed by Finance Director &amp; the bank statements are reconciled to the GL &amp; approved. Implementing review vs. control list.</li> </ul>

# Approved Salaries

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Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"><li>Salaries were not approved by the BOS. Only percent increases were approved.</li></ul>	<ul style="list-style-type: none"><li>All salaries and any changes since the fraud discovery have been approved by the BOS.</li></ul>
<ul style="list-style-type: none"><li>BOS should approve specific salary or hourly pay for all employees as part of the annual budget process.</li></ul>	<ul style="list-style-type: none"><li>There are signed memos for 2020 and 2021 completed at the end of the budget process.</li></ul>

# Escrow Funds

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Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"><li>The Township was unable to provide an accounting of individual escrows held</li></ul>	<ul style="list-style-type: none"><li>As of 2019, the records were not complete, nor did we trust the accuracy of what existed.</li><li>Each escrow account has been reviewed in detail in conjunction with source documents, an accounting of each escrow has been created or updated, and statements are being issued to the developers.</li><li>These statements include remaining balances or amounts owed. Most amounts owed have been paid.</li><li>This process took a substantial effort and continued into 2021.</li></ul>
	<ul style="list-style-type: none"><li>In 2020, all escrow transactions were recorded in QB at the project level. This enabled us to create statements in excel with QB detail.</li></ul>
	<ul style="list-style-type: none"><li>In 2021, we launched Sage Intacct as our new GL. It has even more tracking capability and rebilling capability. Every detail is being tracked and we are in the process of implementing the full capability to improve further.</li></ul>

# Purchase Orders

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<b>Audit Findings</b> (recapped by management)	<b>Management Response</b>
<ul style="list-style-type: none"><li>• No system of effective review for purchases.</li><li>• Recommend approving before purchasing via Purchase Order</li></ul>	<ul style="list-style-type: none"><li>• All anticipated purchases and spend is budgeted. The budget is very detailed with regards to any large items and large categories of spend.</li><li>• We have implemented Purchase Orders consistently in Sage for 2021.</li><li>• We manually created Purchase Order for large items in 2020.</li></ul>

This item was not listed as a material weakness but was highly recommended by Maillie.

# Sewer Billing

Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"> <li>Several areas for improvement:</li> </ul>	<ul style="list-style-type: none"> <li>There have been many improvements to Sewer Billing Processes</li> </ul>
<ul style="list-style-type: none"> <li>Water usage volume is typed in manually, which is prone to errors.</li> </ul>	<ul style="list-style-type: none"> <li>Volume is now uploaded rather than typed in, totals are verified</li> </ul>
<ul style="list-style-type: none"> <li>Monitor a change report (report showing all edits) or other method to ensure sewer billing data isn't improperly manipulated.</li> </ul>	<ul style="list-style-type: none"> <li>Our sewer billing system has a report that shows changes which we are monitoring</li> <li>Account changes are primarily made by an individual separate from the main person responsible for sewer billing to provide segregation of duties</li> <li>The County report that shows all home sales is used to update accounts for new owners and/or add new accounts for new houses.</li> <li>New accounts are given a sequential new account number. These show on the bills &amp; bill register at the end &amp; enable easy review new accounts.</li> </ul>
<ul style="list-style-type: none"> <li>Ensure all sewer users are getting billed (ensure we aren't missing any)</li> </ul>	<ul style="list-style-type: none"> <li>We've had extensive discussions of the sewer billing customers &amp; the sewer system in conjunction with the Public Works Director. This is an ongoing process but many concerning areas have been addressed &amp; accounts have been added/updated as required.</li> </ul>
<ul style="list-style-type: none"> <li>Other sewer improvements</li> </ul>	<ul style="list-style-type: none"> <li>Harris (software provider) is also printing &amp; mailing our sewer bills, which provides a low cost &amp; efficient service as well as another separation of duties.</li> <li>Payments are sent to a lockbox service provided by our bank. Lockbox files are uploaded to record in Harris.</li> <li>Customers can direct their bank's bill pay service to pay the lockbox as well.</li> <li>Credit card payments are taken online at no fee to the customer &amp; uploaded to Harris.</li> <li>These methods drastically reduce the potential for errors &amp; provide segregation of duties.</li> </ul>

This item was not listed as a material weakness but was highly recommended by Maillie.

# Documents for Board of Supervisors

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Audit Findings (recapped by management)	Management Response
<ul style="list-style-type: none"> <li>• Bill voucher process in place</li> </ul>	<ul style="list-style-type: none"> <li>• Bill voucher (BV) presented in every Board packet and approved at every Board meeting. The BV is signed. Checks are signed by 2 BOS members and invoice back-up is provided when check are being signed.</li> </ul>
<ul style="list-style-type: none"> <li>• Recommend report of receipts for oversight over revenue</li> </ul>	<ul style="list-style-type: none"> <li>• The BOS receives a financial report with revenue by GL account every month. Throughout 2020, we also showed more detail and commentary for tax revenue to enable monitoring for COVID impact.</li> <li>• Sage will enable us to more easily prepare a report with each revenue receipt if desired. This is probably more practical with the upcoming Dashboard implementation where the BOS can drill into each GL line item.</li> </ul>
<ul style="list-style-type: none"> <li>• To improve oversight over performance, we recommend that the BOS receive:               <ul style="list-style-type: none"> <li>• A report of budget vs. actuals for revenues and expenses.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The BOS receives a monthly financial report with revenue and expenses vs. budget.</li> </ul>
<ul style="list-style-type: none"> <li>• A report of current vs. prior year for revenues and expenses.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2020, the monthly financial report didn't include 2019 given the fraud contained in early 2019, the long audit process and the complexity of 2019 QB set-up.</li> <li>• In 2021, the monthly financial report currently shows the full-year 2020 results. Sage could enable us to show a comparison to the same period YTD 2020 if desired. We are still learning more about Sage reporting.</li> </ul>

This item was not listed as a material weakness but was highly recommended by Maillie.

**KENNETT TOWNSHIP**

**DCED REPORT**

*Year Ended December 31, 2019*



**KENNETT TOWNSHIP**  
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**YEAR ENDED DECEMBER 31, 2019**

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## ***Independent Auditors' Report***

To the Board of Supervisors  
Kennett Township  
Chadds Ford, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements included in the Department of Community and Economic Development's (DCED) prescribed form of Kennett Township as of and for the year ended December 31, 2019.

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

Kennett Township's management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the DCED prescribed form using the cash basis of accounting permitted by the Pennsylvania Department of Community and Economic Development. 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.

### ***Auditors' 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 auditors' 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 entity'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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Supervisors  
Kennett Township  
Chadds Ford, Pennsylvania

***Basis for Qualified Opinion***

Kennett Township's financial statements do not disclose an accounting of General Fixed Assets, which is required for a complete presentation in accordance with the accounting basis described in the Basis of Accounting paragraph below. The effect on this financial report cannot be determined.

***Qualified Opinion***

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of Kennett Township as of December 31, 2019, and its revenues and expenditures for the year then ended, on the basis of accounting described below.

***Basis of Accounting***

We draw attention to the basis of accounting, which is described in the second paragraph of this report. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the DCED, which is a basis of accounting principles other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DCED. As permitted by the DCED, Kennett Township prepares its annual audit and financial report on the cash basis of accounting. Our opinion is not modified with respect to this matter

***Emphasis of Matter***

As discussed in Item C, the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Kennett Township's operational and financial performance. At this point, Kennett Township cannot reasonably estimate the impact on its operations or financial results. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.



Limerick, Pennsylvania  
February 9, 2021



# 2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

Department of Community & Economic Development  
Governor's Center for Local Government Services  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225  
ph: 888-223-6837 | fax: 717-783-1402

City of: \_\_\_\_\_ County: \_\_\_\_\_

Borough of: \_\_\_\_\_ County: \_\_\_\_\_

Township of: Kennett County: Chester

Municipality of: \_\_\_\_\_ County: \_\_\_\_\_

## Section I - Introduction

### Statutory Requirements

- State law, under the provisions of the Borough Code, First Class Township Code and Second Class Township Code, requires that either the borough controller, elected auditors or appointed auditors file an Annual Audit and Financial Report.
- State law, under the provisions of the Third Class City Code, requires a city's Director of Accounts and Finance to file an Annual Audit and Financial Report.
- The state's Administrative Code requires home rule municipalities to file an Annual Audit and Financial Report.
- The Annual Audit and Financial Report forms, supplied by the Pennsylvania Department of Community and Economic Development (DCED), were developed and approved by a Uniform Forms Committee composed of representatives of the respective municipal associations.
- Form DCED-CLGS-30 (See Section IV) is the form adopted by the Committee for use by all municipalities in Pennsylvania to fulfill their statutory reporting requirements.

### One Form

All municipalities are required to submit forms electronically to the DCED. The online form contains the same categories as in previous years: assets, liabilities, revenues and expenditures. Enter data only for those funds that your municipality uses. Leave the remaining columns blank. The online form will automatically calculate the amounts in the "Total" column.

### Submitting the Report

- File one copy by the designated date at each of the places listed on page 9.
- DO NOT submit a paper copy of this report to the DCED. Reports must be submitted online at: [munstats.pa.gov/forms](http://munstats.pa.gov/forms) (Please see the e-filing instructions on page 7.)
- The online system will automatically round all figure to the nearest whole dollar. The system will also add all rows and columns, following basic accounting principles.
- Appointed independent auditors should attach their own opinion in the "Final Review" step of the online form. Additionally, appointed independent auditors should place a checkmark in Section II at the bottom of the "Final Review" step, then choose the "Appointed Auditor/CPA" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected controllers should place a checkmark in the box in Section I at the bottom of the "Final Review" step of the online form then choose the "Controller" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected Auditors must place a check mark in the box in Section I of the "Final Review" step of the online form, then choose the "Elected Auditor" title from the dropdown and provide the name and phone number for **at least 2 of the 3 elected auditors**. If you appointed an auditor to fill an elected auditor position, please choose the "Elected Auditor" title, not the "Appointed Auditor/CPA" title when submitting online.
- If you need assistance or have any questions when completing this report, please contact the Governor's Center for Local Government Services (GCLGS) toll-free at 888-223-6837.

**BALANCE SHEET**

December 31, 2019

		GOVERNMENTAL FUNDS			
ASSETS AND OTHER DEBITS		General Fund	Special Revenue		Debt Service
			(Including State Liquid Fuels)	Capital Projects	
100-120	Cash and Investments.....	\$ 2,788,951	\$ 412,948	\$ 131,459	\$ -
140-144	Tax Receivable.....	-	-	-	-
121-129					
145-149	Accounts Receivable (excluding taxes).....	-	-	-	-
130	Due From Other Funds.....	128,995	767,000	-	-
131-139					
150-159	Other Current Assets.....	-	-	-	-
160-169	Fixed Assets.....	-	-	-	-
180-189	Other Debits.....	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS.....</b>		<b>\$ 2,917,946</b>	<b>\$ 1,179,948</b>	<b>\$ 131,459</b>	<b>\$ -</b>

LIABILITIES AND OTHER CREDITS					
210-229	Payroll Taxes and Other Payroll Withholdings.....	\$ 64,544	\$ -	\$ -	\$ -
200-209					
231-239	All Other Current Liabilities.....	-	-	-	-
230	Due To Other Funds.....	1,307,000	-	-	-
260-269	Long-Term Liabilities.....	-	-	-	-
240-259	Current Portion of Long-Term Debt & Other Credits...	-	-	-	-
<b>TOTAL LIABILITIES AND OTHER CREDITS.....</b>		<b>\$ 1,371,544</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FUND AND ACCOUNT GROUP EQUITY					
281-284	Contributed Capital.....	\$ -	\$ -	\$ -	\$ -
290	Investment in General Fixed Assets.....	-	-	-	-
270-289	Fund Balance/Retained Earnings on 12/31.....	1,546,402	1,179,948	131,459	-
291-299	Other Equity.....	-	-	-	-
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY.....</b>		<b>\$ 1,546,402</b>	<b>\$ 1,179,948</b>	<b>\$ 131,459</b>	<b>\$ -</b>

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

## 2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | BALANCE SHEET

	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	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.....	\$ 466,514	\$ -	\$ 25,579	\$ -	\$ -	\$ 3,825,451
140-144 Tax Receivable.....	-	-	-	-	-	-
121-129						
145-149 Accounts Receivable (excluding taxes).....	-	-	-	-	-	-
130 Due From Other Funds.....	540,000	-	-	-	-	1,435,995
131-139						
150-159 Other Current Assets.....	-	-	-	-	-	-
160-169 Fixed Assets.....	-	-	-	-	-	-
180-189 Other Debits.....	-	-	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS.....</b>	<b>\$ 1,006,514</b>	<b>\$ -</b>	<b>\$ 25,579</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,261,446</b>

<b>LIABILITIES AND OTHER CREDITS</b>						
210-229 Payroll Taxes and Other Payroll Withholdings.....	\$ 285	\$ -	\$ -	\$ -	\$ -	\$ 64,829
200-209						
231-239 All Other Current Liabilities.....	-	-	25,579	-	-	25,579
230 Due To Other Funds.....	128,995	-	-	-	-	1,435,995
260-269 Long-Term Liabilities.....	-	-	-	-	-	-
240-259 Current Portion of Long-Term Debt & Other Credits.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND OTHER CREDITS.....</b>	<b>\$ 129,280</b>	<b>\$ -</b>	<b>\$ 25,579</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,526,403</b>

<b>FUND AND ACCOUNT GROUP EQUITY</b>						
281-284 Contributed Capital.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290 Investment in General Fixed Assets.....	-	-	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31.....	877,234	-	-	-	-	3,735,043
291-299 Other Equity.....	-	-	-	-	-	-
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY.....</b>	<b>\$ 877,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,735,043</b>

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY.....</b>	<b>\$ 5,261,446</b>
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Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2019

REVENUES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>TAXES</b>				
301.00 Real Estate Taxes.....	\$ 1,667,057	\$ 156,192	\$ -	\$ -
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).....	-	-	-	-
310.00 Per Capita Taxes.....	-	-	-	-
310.10 Real Estate Transfer Taxes.....	509,838	-	-	-
310.20 Earned Income Taxes/Wage Taxes.....	2,788,899	712,012	-	-
310.30 Business Gross Receipts Taxes.....	-	-	-	-
310.40 Occupation Taxes (levied under Act 511).....	-	-	-	-
310.50 Local Services Tax**.....	-	-	-	-
310.60 Amusement/Admission Taxes.....	-	-	-	-
310.70 Mechanical Device Taxes.....	-	-	-	-
310.90 Other Local Tax Enabling Act/Act 511 Taxes.....	-	-	-	-
.....				
.....				
.....				
<b>TOTAL TAXES</b> .....	<b>\$ 4,965,794</b>	<b>\$ 868,204</b>	<b>\$ -</b>	<b>\$ -</b>

LICENSES & PERMITS				
320-322 All Other Licenses and Permits.....	\$ 4,825	\$ -	\$ -	\$ -
321.80 Cable Television Franchise Fees.....	186,128	-	-	-
<b>TOTAL LICENSES &amp; PERMITS</b> .....	<b>\$ 190,953</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FINES & FORFEITS				
330-332 Fines and Forfeits.....	\$ 131,003	\$ -	\$ -	\$ -
<b>TOTAL FINES &amp; FORFEITS</b> .....	<b>\$ 131,003</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

INTEREST, RENTS & ROYALTIES				
341.00 Interest Earnings.....	\$ 112,436	\$ 18,333	\$ 126	\$ -
342.00 Rents and Royalties.....	-	-	-	-
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b> .....	<b>\$ 112,436</b>	<b>\$ 18,333</b>	<b>\$ 126</b>	<b>\$ -</b>

\*\*This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>TAXES</b>					
301.00	Real Estate Taxes.....	\$ -	\$ -	\$ -	\$ 1,823,249
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).....	-	-	-	-
310.00	Per Capita Taxes.....	-	-	-	-
310.10	Real Estate Transfer Taxes.....	-	-	-	509,838
310.20	Earned Income Taxes/Wage Taxes.....	-	-	-	3,500,911
310.30	Business Gross Receipts Taxes.....	-	-	-	-
310.40	Occupation Taxes (levied under Act 511).....	-	-	-	-
310.50	Local Services Tax**.....	-	-	-	-
310.60	Amusement/Admission Taxes.....	-	-	-	-
310.70	Mechanical Device Taxes.....	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511 Taxes.....	-	-	-	-
	.....				-
	.....				-
	.....				-
<b>TOTAL TAXES</b> .....		\$ -	\$ -	\$ -	\$ 5,833,998

LICENSES & PERMITS					
320-322	All Other Licenses and Permits.....	\$ -	\$ -	\$ -	\$ 4,825
321.80	Cable Television Franchise Fees.....	\$ -	\$ -	\$ -	186,128
<b>TOTAL LICENSES &amp; PERMITS</b> .....		\$ -	\$ -	\$ -	\$ 190,953

FINES & FORFEITS					
330-332	Fines and Forfeits.....	\$ -	\$ -	\$ -	\$ 131,003
<b>TOTAL FINES &amp; FORFEITS</b> .....		\$ -	\$ -	\$ -	\$ 131,003

INTEREST, RENTS & ROYALTIES					
341.00	Interest Earnings.....	\$ 15,706	\$ -	\$ -	\$ 146,601
342.00	Rents and Royalties.....	-	-	-	-
<b>TOTAL INTEREST, RENTS &amp; ROYALTIES</b> .....		\$ 15,706	\$ -	\$ -	\$ 146,601

\*\*This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.



2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		Special Revenue <i>(Including State Liquid Fuels)</i>		Capital Projects	Debt Service
FEDERAL		General Fund			
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 & Entitlements.....	-	-	-	-
353.00	Federal Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL FEDERAL</b> .....		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

STATE					
354.03	Highways and Streets.....	\$ -	\$ -	\$ -	\$ -
354.09	Community Development.....	-	-	-	-
354.15	Recycling/Act 101.....	51,559	-	-	-
354.00	All Other State Capital and Operating Grants.....	-	212,054	-	-
355.01	Public Utility Realty Tax (PURTA).....	5,286	-	-	-
355.02 - 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback.....	-	343,033	-	-
355.04	Alcoholic Beverage Licenses.....	1,200	-	-	-
355.05	General Municipal Pension System State Aid.....	133,133	-	-	-
355.07	Foreign Fire Insurance Tax Distribution.....	73,094	-	-	-
355.08	Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution.....	-	-	-	-
355.00	All Other State Shared Revenues & Entitlements.....	-	-	-	-
356.00	State Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL STATE</b> .....		<b>\$ 264,272</b>	<b>\$ 555,087</b>	<b>\$ -</b>	<b>\$ -</b>

LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets.....	\$ -	\$ -	\$ 2,432	\$ -
357.00	All Other Local Governmental Units Capital and Operating Grants.....	20,000	-	-	-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services.....	-	-	-	-
359.00	Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL LOCAL GOVERNMENT UNITS</b> .....		<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 2,432</b>	<b>\$ -</b>

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<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 & Entitlements.....	-	-	-	-
353.00 Federal Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL FEDERAL</b> .....	\$ -	\$ -	\$ -	\$ -

<b>STATE</b>				
354.03 Highways and Streets.....	\$ -	\$ -	\$ -	\$ -
354.09 Community Development.....	-	-	-	-
354.15 Recycling/Act 101.....	-	-	-	51,559
354.00 All Other State Capital and Operating Grants.....	-	-	-	212,054
355.01 Public Utility Realty Tax (PURTA).....	-	-	-	5,286
355.02 - 355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback.....	-	-	-	343,033
355.04 Alcoholic Beverage Licenses.....	-	-	-	1,200
355.05 General Municipal Pension System State Aid.....	-	-	-	133,133
355.07 Foreign Fire Insurance Tax Distribution.....	-	-	-	73,094
355.08 Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09 Marcellus Shale Impact Fee Distribution.....	-	-	-	-
355.00 All Other State Shared Revenues & Entitlements.....	-	-	-	-
356.00 State Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL STATE</b> .....	\$ -	\$ -	\$ -	\$ 819,359

<b>LOCAL GOVERNMENT UNITS</b>				
357.03 Highways and Streets.....	\$ -	\$ -	\$ -	\$ 2,432
357.00 All Other Local Governmental Units Capital and Operating Grants.....	-	-	-	20,000
358.00 Local Government Unit Shared Payments for Contracted Intergovernmental Services.....	-	-	-	-
359.00 Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes.....	-	-	-	-
<b>TOTAL LOCAL GOVERNMENT UNITS</b> .....	\$ -	\$ -	\$ -	\$ 22,432

<b>TOTAL INTERGOVERNMENTAL REVENUES</b> .....				\$ 841,791
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2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>CHARGES FOR SERVICE</b>					
361.00	General Government.....	\$ 198,461	\$ -	\$ -	\$ -
362.00	Public Safety.....	552,779	-	-	-
363.20	Parking.....	-	-	-	-
363.00	All Other Charges for Highway & Streets Services.....	-	31,869	-	-
364.10	Wastewater/Sewage Charges.....	-	-	-	-
364.30	Solid Waste Collection & 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.....	26,176	-	-	-
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> .....		\$ 777,416	\$ 31,869	\$ -	\$ -

UNCLASSIFIED OPERATING REVENUES					
383.00	Assessments.....	\$ -	\$ -	\$ -	\$ -
386.00	Escheats (sale of personal property).....	-	-	-	-
387.00	Contributions & Donations from Private Sectors.....	-	9,000	-	-
388.00	Fiduciary Fund Pension Contributions.....	<del>-</del>	<del>-</del>	<del>-</del>	<del>-</del>
389.00	All Other Unclassified Operating Revenues***.....	-	-	-	-
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b> .....		\$ -	\$ 9,000	\$ -	\$ -

OTHER FINANCING SOURCES					
391.00	Proceeds of General Fixed Asset Disposition.....	\$ -	\$ -	\$ 103,000	\$ -
392.00	Interfund Operating Transfers**.....	5,256	767,725	601,158	-
393.00	Proceeds of General Long-Term Debt.....	-	-	-	-
394.00	Proceeds of Short-Term Debt.....	-	-	-	-
395.00	Refunds of Prior Year Expenditures.....	51,121	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b> .....		\$ 56,377	\$ 767,725	\$ 704,158	\$ -

<b>TOTAL REVENUES</b> .....		\$ 6,518,251	\$ 2,250,218	\$ 706,716	\$ -
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\* This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>CHARGES FOR SERVICE</b>					
361.00	General Government.....	\$ -	\$ -	\$ -	\$ 198,461
362.00	Public Safety.....	-	-	-	552,779
363.20	Parking.....	-	-	-	-
363.00	All Other Charges for Highway & Streets Services.....	-	-	-	31,869
364.10	Wastewater/Sewage Charges.....	2,041,693	-	-	2,041,693
364.30	Solid Waste Collection & 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.....	-	-	-	26,176
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>		<b>\$ 2,041,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,850,978</b>

<b>UNCLASSIFIED OPERATING REVENUES</b>					
383.00	Assessments.....	\$ -	\$ -	\$ -	\$ -
386.00	Escheats (sale of personal property).....	-	-	-	-
387.00	Contributions & Donations from Private Sectors.....	-	-	-	9,000
388.00	Fiduciary Fund Pension Contributions.....	<del>                    </del>	<del>                    </del>	-	-
389.00	All Other Unclassified Operating Revenues***.....	1,414	-	-	1,414
<b>TOTAL UNCLASSIFIED OPERATING REVENUES.....</b>		<b>\$ 1,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,414</b>

<b>OTHER FINANCING SOURCES</b>					
391.00	Proceeds of General Fixed Asset Disposition.....	\$ -	\$ -	\$ -	\$ 103,000
392.00	Interfund Operating Transfers**.....	585,000	-	-	1,959,139
393.00	Proceeds of General Long-Term Debt.....	-	-	-	-
394.00	Proceeds of Short-Term Debt.....	-	-	-	-
395.00	Refunds of Prior Year Expenditures.....	-	-	-	51,121
<b>TOTAL OTHER FINANCING SOURCES.....</b>		<b>\$ 585,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,113,260</b>

<b>TOTAL REVENUES.....</b>		<b>\$ 2,643,813</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,118,998</b>
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\*\* The total of line 392.00 must match the total of line 492.00

\*\*\* This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

EXPENDITURES		GOVERNMENTAL FUNDS			
		Special Revenue <i>(Including State Liquid Fuels)</i>		Capital Projects	Debt Service
GENERAL GOVERNMENT		General Fund			
400.00	Legislative (Governing) Body.....	\$ 7,500	\$ -	\$ -	\$ -
401.00	Executive (Manager or Mayor).....	51,650	-	-	-
402.00	Auditing Services/Financial Administration.....	453,690	-	-	-
403.00	Tax Collection.....	3,090	-	-	-
404.00	Solicitor/Legal Services.....	69,812	-	-	-
405.00	Secretary/Clerk.....	447,486	-	-	-
406.00	Other General Government Administration.....	263,473	-	-	-
407.00	IT-Networking Services-Data Processing.....	78,500	-	-	-
408.00	Engineering Services.....	373,630	-	-	-
409.00	General Government Buildings and Plant.....	83,551	-	-	-
<b>TOTAL GENERAL GOVERNMENT.....</b>		<b>\$ 1,832,382</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

PUBLIC SAFETY					
410.00	Police.....	\$ 1,190,846	\$ -	\$ -	\$ -
411.00	Fire.....	605,218	-	-	-
412.00	Ambulance/Rescue.....	-	-	-	-
413.00	UCC and Code Enforcement.....	94,724	-	-	-
414.00	Planning and Zoning.....	150,588	-	-	-
415.00	Emergency Management & Communications.....	-	-	-	-
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>		<b>\$ 2,041,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

HEALTH AND HUMAN SERVICES					
420.00-425.00	Health and Human Services.....	\$ -	\$ -	\$ -	\$ -

PUBLIC WORKS - SANITATION					
426.00	Recycling Collection and Disposal.....	\$ -	\$ -	\$ -	\$ -
427.00	Solid Waste Collection and Disposal (trash).....	-	-	-	-
428.00	Weed Control.....	-	-	-	-
429.00	Wastewater/Sewage Collection & Treatment.....	-	-	-	-
<b>TOTAL PUBLIC WORKS - SANITATION.....</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
<b>GENERAL GOVERNMENT</b>					
400.00 Legislative (Governing) Body.....	\$ -	\$ -	\$ -	\$ 7,500	
401.00 Executive (Manager or Mayor).....	-	-	-	51,650	
402.00 Auditing Services/Financial Administration.....	-	-	-	453,690	
403.00 Tax Collection.....	-	-	-	3,090	
404.00 Solicitor/Legal Services.....	-	-	-	69,812	
405.00 Secretary/Clerk.....	-	-	-	447,486	
406.00 Other General Government Administration.....	-	-	-	263,473	
407.00 IT-Networking Services-Data Processing.....	-	-	-	78,500	
408.00 Engineering Services.....	-	-	-	373,630	
409.00 General Government Buildings and Plant.....	-	-	-	83,551	
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,832,382</b>	

<b>PUBLIC SAFETY</b>					
410.00 Police.....	\$ -	\$ -	\$ -	\$ 1,190,846	
411.00 Fire.....	-	-	-	605,218	
412.00 Ambulance/Rescue.....	-	-	-	-	
413.00 UCC and Code Enforcement.....	-	-	-	94,724	
414.00 Planning and Zoning.....	-	-	-	150,588	
415.00 Emergency Management & Communications.....	-	-	-	-	
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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,041,376</b>	

<b>HEALTH AND HUMAN SERVICES</b>					
420.00-425.00 Health and Human Services.....	\$ -	\$ -	\$ -	\$ -	

<b>PUBLIC WORKS - SANITATION</b>					
426.00 Recycling Collection and Disposal.....	\$ -	\$ -	\$ -	\$ -	
427.00 Solid Waste Collection and Disposal (garbage).....	-	-	-	-	
428.00 Weed Control.....	-	-	-	-	
429.00 Wastewater/Sewage Collection & Treatment.....	1,593,641	-	-	1,593,641	
<b>TOTAL PUBLIC WORKS - SANITATION.....</b>	<b>\$ 1,593,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,593,641</b>	

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>					
430.00	General Services - Administration.....	\$ 5,696	\$ 402	\$ -	\$ -
431.00	Cleaning of Streets and Gutters.....	-	-	-	-
432.00	Winter Maintenance - Snow Removal.....	82,957	-	-	-
433.00	Traffic Control Devices.....	11,901	-	-	-
434.00	Street Lighting.....	2,070	-	-	-
435.00	Sidewalks and Crosswalks.....	-	-	138,249	-
436.00	Storm Sewers and Drains.....	-	-	-	-
437.00	Repairs of Tools and Machinery.....	72,677	-	-	-
438.00	Maintenance & Repairs of Roads & Bridges.....	647,428	-	6,418	-
439.00	Highway Construction and Rebuilding Projects.....	-	343,364	182,795	-
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>		<b>\$ 822,729</b>	<b>\$ 343,766</b>	<b>\$ 327,462</b>	<b>\$ -</b>

<b>PUBLIC WORKS - OTHER SERVICES</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 PUBLIC WORKS - OTHER SERVICES</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>CULTURE AND RECREATION</b>					
451.00	Culture-Recreation Administration.....	\$ -	\$ -	\$ -	\$ -
452.00	Participant Recreation.....	-	-	-	-
453.00	Spectator Recreation.....	-	-	-	-
454.00	Parks.....	-	142,724	-	-
455.00	Shade Trees.....	-	-	-	-
456.00	Libraries.....	-	145,157	-	-
457.00	Civil and Military Celebrations.....	-	-	-	-
458.00	Senior Citizens' Centers.....	-	-	-	-
459.00	All Other Culture and Recreation.....	71,320	-	-	-
<b>TOTAL CULTURE AND RECREATION</b>		<b>\$ 71,320</b>	<b>\$ 287,881</b>	<b>\$ -</b>	<b>\$ -</b>

<b>COMMUNITY DEVELOPMENT</b>					
461.00	Conservation of Natural Resources.....	\$ -	\$ 560,499	\$ -	\$ -
462.00	Community Development and Housing.....	-	-	118,488	-
463.00	Economic Development.....	127,559	-	-	-
464.00	Economic Opportunity.....	-	-	-	-
465.00 - 469.00	All Other Community Development.....	-	-	-	-
<b>TOTAL COMMUNITY DEVELOPMENT</b>		<b>\$ 127,559</b>	<b>\$ 560,499</b>	<b>\$ 118,488</b>	<b>\$ -</b>

## 2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>PUBLIC WORKS - HIGHWAYS &amp; STREETS</b>				
430.00 General Services - Administration.....	\$ -	\$ -	\$ -	\$ 6,098
431.00 Cleaning of Streets and Gutters.....	-	-	-	-
432.00 Winter Maintenance - Snow Removal.....	-	-	-	82,957
433.00 Traffic Control Devices.....	-	-	-	11,901
434.00 Street Lighting.....	-	-	-	2,070
435.00 Sidewalks and Crosswalks.....	-	-	-	138,249
436.00 Storm Sewers and Drains.....	-	-	-	-
437.00 Repairs of Tools and Machinery.....	-	-	-	72,677
438.00 Maintenance & Repairs of Roads & Bridges.....	-	-	-	653,846
439.00 Highway Construction and Rebuilding Projects.....	-	-	-	526,159
<b>TOTAL PUBLIC WORKS - HIGHWAYS &amp; STREETS</b> .....	\$ -	\$ -	\$ -	\$ 1,493,957

<b>PUBLIC WORKS - OTHER SERVICES</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 PUBLIC WORKS - OTHER SERVICES</b> .....	\$ -	\$ -	\$ -	\$ -

<b>CULTURE AND RECREATION</b>				
451.00 Culture-Recreation Administration.....	\$ -	\$ -	\$ -	\$ -
452.00 Participant Recreation.....	-	-	-	-
453.00 Spectator Recreation.....	-	-	-	-
454.00 Parks.....	-	-	-	142,724
455.00 Shade Trees.....	-	-	-	-
456.00 Libraries.....	-	-	-	145,157
457.00 Civil and Military Celebrations.....	-	-	-	-
458.00 Senior Citizens' Centers.....	-	-	-	-
459.00 All Other Culture and Recreation.....	-	-	-	71,320
<b>TOTAL CULTURE AND RECREATION</b> .....	\$ -	\$ -	\$ -	\$ 359,201

<b>COMMUNITY DEVELOPMENT</b>				
461.00 Conservation of Natural Resources.....	\$ -	\$ -	\$ -	\$ 560,499
462.00 Community Development and Housing.....	-	-	-	118,488
463.00 Economic Development.....	-	-	-	127,559
464.00 Economic Opportunity.....	-	-	-	-
465.00 - 469.00 All Other Community Development.....	-	-	-	-
<b>TOTAL COMMUNITY DEVELOPMENT</b> .....	\$ -	\$ -	\$ -	\$ 806,546



2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>DEBT SERVICE</b>				
471.00 Debt Principal (short-term and long-term).....	\$ -	\$ 300,000	\$ -	\$ -
472.00 Debt Interest (short-term and long-term).....	-	132,935	-	-
475.00 Fiscal Agent Fees.....	-	-	-	-
<b>TOTAL DEBT SERVICE</b> .....	\$ -	\$ 432,935	\$ -	\$ -

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation.....	\$ 170,010	\$ -	\$ -	\$ -
482.00 Judgments and Losses.....	458,034	-	-	-
483.00 Pension/Retirement Fund Contributions.....	216,358	-	-	-
484.00 Worker Compensation Insurance.....	131,692	-	-	-
487.00 Group Insurance and Other Benefits.....	354,551	-	-	-
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b> .....	\$ 1,330,645	\$ -	\$ -	\$ -

INSURANCE				
486.00 Insurance, Casualty and Surety.....	\$ 90,531	\$ -	\$ -	\$ -

UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid.....				
489.00 All Other Unclassified Expenditures***.....	\$ 37,713	\$ -	\$ 27,633	\$ -
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b> .....	\$ 37,713	\$ -	\$ 27,633	\$ -

OTHER FINANCING USES				
491.00 Refund of Prior Year Revenues.....	\$ -	\$ -	\$ -	\$ -
492.00 Interfund Operating Transfers**.....	1,266,789	488,000	104,350	-
493.00 All Other Financing Uses.....	-	-	-	-
<b>TOTAL OTHER FINANCING USES</b> .....	\$ 1,266,789	\$ 488,000	\$ 104,350	\$ -

<b>TOTAL EXPENDITURES</b> .....	\$ 7,621,044	\$ 2,113,081	\$ 577,933	\$ -
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> .....	\$ (1,102,793)	\$ 137,137	\$ 128,783	\$ -
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\*\* The total of line 492.00 must match the total of line 392.00

\*\*\* This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
<b>DEBT SERVICE</b>				
471.00 Debt Principal (short-term and long-term).....	\$ -	\$ -	\$ -	\$ 300,000
472.00 Debt Interest (short-term and long-term).....	-	-	-	132,935
475.00 Fiscal Agent Fees.....	-	-	-	-
<b>TOTAL DEBT SERVICE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 432,935</b>

<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation.....	\$ -	\$ -	\$ -	\$ 170,010
482.00 Judgments and Losses.....	-	-	-	458,034
483.00 Pension/Retirement Fund Contributions.....	-	-	-	216,358
484.00 Worker Compensation Insurance.....	-	-	-	131,692
487.00 Group Insurance and Other Benefits.....	-	-	-	354,551
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,330,645</b>

<b>INSURANCE</b>				
486.00 Insurance, Casualty and Surety.....	\$ -	\$ -	\$ -	\$ 90,531

<b>UNCLASSIFIED OPERATING EXPENDITURES</b>				
488.00 Fiduciary Fund Benefits and Refunds Paid.....	<del>                    </del>	<del>                    </del>	-	-
489.00 All Other Unclassified Expenditures***.....	\$ -	\$ -	\$ -	\$ 65,346
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,346</b>

<b>OTHER FINANCING USES</b>				
491.00 Refund of Prior Year Revenues.....	\$ -	\$ -	\$ -	\$ -
492.00 Interfund Operating Transfers**.....	100,000	-	-	1,959,139
493.00 All Other Financing Uses.....	-	-	-	-
<b>TOTAL OTHER FINANCING USES.....</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,959,139</b>

<b>TOTAL EXPENDITURES.....</b>	<b>\$ 1,693,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,005,699</b>
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES.....</b>	<b>\$ 950,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,299</b>
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\*\* The total of line 492.00 must match the total of line 392.00

\*\*\* This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

# DEBT STATEMENT

Purpose	Bond (B) Note (N)	Issue Date (year)	Maturity Date (year)	Original Amount of Issue	Outstanding Beginning of Year	Principal Incurred This Year (Additions)	Principal Paid This Year	Current Year Accretion of Compound Interest Bonds	Outstanding Year End	Plus (less) Unamortized Premium (Discount)	Total Balance
<b>GENERAL OBLIGATION BONDS AND NOTES</b>											
Note - Series 2018	N	2018	2028	\$ 3,129,309.00	\$ 3,129,309.00	-	\$ 300,000.00	-	\$ 2,829,309.00	-	\$ 2,829,309
									-		-
									-		-
									-		-
									-		-
									-		-
									-		-
									-		-
									-		-
<b>REVENUE BONDS AND NOTES</b>											
									-		-
									-		-
									-		-
									-		-
									-		-
<b>LEASE RENTAL DEBT/GENERAL LEASES</b>											
								-	-	-	-
								-	-	-	-
								-	-	-	-
								-	-	-	-
<b>OTHER</b>											
									-		-
									-		-
									-		-
									-		-
Total bonds and notes outstanding.....									\$	2,829,309	
Capitalized lease obligations.....										-	
Other debt.....											
TOTAL OUTSTANDING DEBT.....									\$	2,829,309	

**STATEMENT OF CAPITAL EXPENDITURES**

CATEGORY:	Capital Purchases	Capital Construction	Total
Community Development.....		\$ 111,062	\$ 111,062
Electric.....			-
Fire.....			-
Gas System.....			-
General Government.....			-
Health.....			-
Housing.....			-
Libraries.....			-
Mass Transit.....			-
Parks.....			-
Police.....	\$ 45,268		45,268
Recreation.....		224,528	224,528
Sewer.....			-
Solid Waste.....			-
Streets/Highways.....		728,848	728,848
Water.....			-
Other (Please specify)			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
.....			-
TOTAL CAPITAL EXPENDITURES*.....			\$ 1,109,706

\*Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment) .

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year  
 (including all employees and elected officials)\*\*..... \$ 2,038,642

\*\*Use income from box 16 of the W-3 Statement

**KENNETT TOWNSHIP**  
OTHER SUPPLEMENTARY INFORMATION  
TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**ITEM A - BASIS OF ACCOUNTING**

The accompanying financial statements conform to the financial reporting provisions prescribed or permitted by the Pennsylvania Department of Community and Economic Development (DCED).

**ITEM B - PRIOR PERIOD RESTATEMENT**

The Township payroll taxes and other payroll withholdings liability on the December 31, 2018 financial statement was understated by \$53,925, which resulted in a \$53,925 overstatement of fund balance in the prior year.

Also in the prior year, the EMS fund was erroneously reported under Special Revenue on the DCED report, when it should have been reported as part of the General Fund. At December 31, 2018, ending fund balance for EMS was \$35,232, which has been restated to the beginning balance of the General Fund for the year ending December 31, 2019.

These prior period restatements resulted in General Fund fund balance decreasing by \$18,693 from \$2,667,888 to \$2,649,195. The Special Revenue fund balance decreased by \$35,232 from \$1,078,043 to \$1,042,811.

**ITEM C - SUBSEQUENT EVENT**

The Township has evaluated its financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have an effect on daily operations. Financial impact could occur though such potential impact is unknown at this time.

In August 2020 the Township issued General Obligation Bonds, Series of 2020 for \$5,000,000 at an interest rate of 1.34%. Proceeds of the bond will be used to refund the Township's Series of 2018 Note and fund various capital projects including but not limited to the purchase of open spaces.