

**2012 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**023693 WHITE OAK BORO, ALLEGHENY COUNTY**

## Independent Auditor's Report

Members of Council  
Borough of White Oak

We have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (the Schedules) included in the 2012 Annual Audit and Financial Report of the Borough of White Oak (Borough).

### **Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the Schedules, 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 Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

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

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Borough on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, without component unit financial information, without government-wide financial statements, without Management's Discussion and Analysis, without budgetary comparisons and historical pension information, and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and the results of its operations for the year then ended.

### **Basis for Qualified Opinion on the Regulatory Basis of Accounting**

The Schedules do not include the fixed asset information of the Borough.

The Borough's business privilege and mercantile taxes, local services taxes, current garbage fees, and delinquent real estate taxes (stated at \$321,936, \$18,292, \$604,499, and \$56,472, respectively, for the year ended December 31, 2012) are collected by an outside service. We were unable to obtain audited financial statements of the outside service supporting the amounts collected, as an independent audit of the outside service is not performed. Accordingly, we were unable to satisfy ourselves as to (1) whether all the Borough's business privilege and mercantile taxes, local services taxes, current garbage fees, and delinquent real estate taxes were properly remitted to the Borough and (2) whether actual remittances to the Borough were made on a timely basis.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, except for the omission of the fixed asset information and the effect of any adjustments that might have been determined to be necessary had we been able to examine additional evidence regarding the Borough's business privilege and mercantile taxes, local services taxes, current garbage fees, and delinquent real estate taxes, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Borough as of December 31, 2012, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by DCED.

*Maher Duessel*

Pittsburgh, Pennsylvania  
March 27, 2013



# BALANCE SHEET

DCED-CLGS-30 (09-09)

**WHITE OAK 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
<b>Assets and Other Debits</b>											
100-120	Cash and Investments	1,087,044	3,480,027	1,222,577		163,230		6,528,604			12,481,482
140-144	Tax Receivable	440,081									440,081
121-129, 145-149	Accounts Receivable (excluding taxes)	44,792				261,708					306,500
130.00	Due From Other Funds	782,207	752	25,001		59,280					867,240
131-139, 150-159	Other Current Assets	815									815
160-169	Fixed Assets					505,332					505,332
180-189	Other Debits									3,868,625	3,868,625
<b>Total Assets and Other Debits</b>		<b>2,354,939</b>	<b>3,480,779</b>	<b>1,247,578</b>		<b>989,550</b>		<b>6,528,604</b>		<b>3,868,625</b>	<b>18,470,075</b>

<b>Liabilities and Other Credits</b>											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities	397,667	8,977	68,163		52,065					526,872
230.00	Due To Other Funds	202,193	455,468	6,750		202,829					867,240

## WHITE OAK 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
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities									3,381,091	3,381,091
240-259	Current Portion of Long-Term Debt and Other Credits									487,534	487,534
<b>Total Liabilities and Other Credits</b>		599,860	464,445	74,913		254,894				3,868,625	5,262,737

<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	1,755,079	3,016,334	1,172,665		734,656		6,528,604			13,207,338
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		1,755,079	3,016,334	1,172,665		734,656		6,528,604			13,207,338

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>										18,470,075
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WHITE OAK 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	1,788,513						1,788,513
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)	161,393						161,393
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	37,709						37,709
310.20	Earned Income Taxes / Wage Taxes	1,058,508						1,058,508
310.30	Business Gross Receipts Taxes	321,936						321,936
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	18,292						18,292
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
<b>Total Taxes</b>		3,386,351						3,386,351

**Licenses and Permits**

320-322	All Other Licenses and Permits	42,587						42,587
321.80	Cable Television Franchise Fees	149,743						149,743
<b>Total Licenses and Permits</b>		192,330						192,330

**Fines and Forfeits**

330-332	Fines and Forfeits	31,632						31,632
<b>Total Fines and Forfeits</b>		31,632						31,632



WHITE OAK 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	912						912
355.00	All Other State Shared Revenues and Entitlements	155						155
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		171,548	178,422					349,970

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants				3,287			3,287
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>					3,287			3,287

Charges for Service								
361.00	General Government	10,497						10,497
362.00	Public Safety	17,958						17,958
363.20	Parking							
363.00	All Other Charges for Highway & Streets Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)				619,296			619,296
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	300			105,654			105,954



WHITE OAK 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	5,588						5,588
<b>Total Charges for Service</b>		34,343			724,950			759,293

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	9,623						9,623
388.00	Fiduciary Fund Pension Contributions					407,047		407,047
389.00	All Other Unclassified Operating Revenues	693			1,002	5,784		7,479
<b>Total Unclassified Operating Revenues</b>		10,316			1,002	412,831		424,149

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	610,139	678,223		51,553			1,339,915
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

WHITE OAK 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	105,048				230		105,278
<b>Total Other Financing Sources</b>		715,187		678,223		51,783		1,445,193

<b>TOTAL REVENUES</b>	4,552,688	193,255	680,562		785,600		914,873	7,126,978
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### EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	70,498						70,498
401.00	Executive (Manager or Mayor)	218,599						218,599
402.00	Auditing Services / Financial Administration	77,842						77,842
403.00	Tax Collection	38,691						38,691
404.00	Solicitor / Legal Services	45,561						45,561
405.00	Secretary / Clerk	48,570						48,570
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services							
409.00	General Government Buildings and Plant	64,453		13,990				78,443
<b>Total General Government</b>		564,214		13,990				578,204

Public Safety								
410.00	Police	1,613,962						1,613,962
411.00	Fire	89,311						89,311
412.00	Ambulance / Rescue	48,577						48,577
413.00	UCC and Code Enforcement	51						51
414.00	Planning and Zoning	98,735						98,735
415.00	Emergency Management and Communications	297						297

WHITE OAK 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							
<b>Total Public Safety</b>		1,850,933						1,850,933

#### Health and Human Services

420.00-425.00	Health and Human Services							
<b>Total Health and Human Services</b>								

#### Public Works - Sanitation

426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)				581,887			581,887
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
<b>Total Public Works - Sanitation</b>					581,887			581,887

#### Public Works - Highways and Streets

430.00	General Services - Administration	616,861		7,974				624,835
431.00	Cleaning of Streets and Gutters		2,750					2,750
432.00	Winter Maintenance – Snow Removal		80,155					80,155
433.00	Traffic Control Devices		11,846					11,846
434.00	Street Lighting		98,507					98,507
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							

WHITE OAK 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							
438.00	Maintenance and Repairs of Roads and Bridges	14,003	7,232	1,498,070				1,519,305
439.00	Highway Construction and Rebuilding Projects							
<b>Total Public Works - Highways and Streets</b>		630,864	200,490	1,506,044				2,337,398

#### **Other Public Works Enterprises**

440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
<b>Total Other Public Works Enterprises</b>								

#### **Culture and Recreation**

451.00	Culture-Recreation Administration	29,157			10,446			39,603
452.00	Participant Recreation				139,689			139,689
453.00	Spectator Recreation							
454.00	Parks							
455.00	Shade Trees							
456.00	Libraries	25,750						25,750

WHITE OAK 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**

<b>Culture and Recreation</b>								
457.00	Civil and Military Celebrations	18,212						18,212
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		73,119			150,135			223,254

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

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	25,748		469,865				495,613
472.00	Debt Interest (short-term and long-term)	2,293		69,617				71,910
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		28,041		539,482				567,523

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	39,315						39,315
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	121,588						121,588
484.00	Worker Compensation Insurance							

WHITE OAK 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**

<b>Employer Paid Benefits and Withholding Items</b>								
487.00	Other Group Insurance Benefits							
<b>Total Employer Paid Benefits and Withholding Items</b>		160,903						160,903

<b>Insurance</b>								
486.00	Insurance, Casualty, and Surety	1,188						1,188
<b>Total Insurance</b>		1,188						1,188

<b>Unclassified Operating Expenditures</b>								
488.00	Fiduciary Fund Benefits and Refunds Paid						228,815	228,815
489.00	All Other Unclassified Expenditures	590					42,158	42,748
<b>Total Unclassified Operating Expenditures</b>		590					270,973	271,563

<b>Other Financing Uses</b>								
491.00	Refund of Prior Year Revenues	9,915						9,915
492.00	Interfund Operating Transfers	780,700	487,741	31,474		40,000		1,339,915
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		790,615	487,741	31,474		40,000		1,349,830

<b>TOTAL EXPENDITURES</b>	4,100,467	688,231	2,090,990		772,022		270,973	7,922,683
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	452,221	-494,976	-1,410,428		13,578		643,900	-795,705
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## WHITE OAK 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
<b>General Obligation Bonds and Notes</b>											
General Obligation Note	Note	2003	2018	150,000	73,990		10,179		63,811		63,811
AIM Loan	Note	2007	2012	30,494	6,099		6,099		0		0
AIM Loan	Note	2010	2015	108,666	87,628		21,380		66,248		66,248
PIB GON	Note	2010	2020	4,520,046	4,100,118		426,752		3,673,366		3,673,366
PIB Loan	Note	2010	2015	108,666	86,933		21,733		65,200		65,200
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
2010 Ford Crown Victorias	Lease Rentals	2010	2012	28,454	9,470		9,470		0		0
<b>Other</b>											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

3,868,625

Capitalized lease obligations

0

Net debt

3,868,625

**WHITE OAK BORO, ALLEGHENY County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2012

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	26,375		26,375
Recreation			
Sewer			
Solid Waste	13,990		13,990
Streets / Highways			
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	40,365		40,365

**EMPLOYEE COMPENSATION**

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

1,686,887



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**Independent Public Accountant/Certified Public Accountant Submission Page**

**See attached opinion page.**

**SIGNATURE AND VERIFICATION**

Signed:

See attached Appointed Auditor/CPA