

## 2016 Municipal Annual Audit and Financial Report [DCED-CLGS-30] Tip Sheet

### IMPORTANT POINTS TO REMEMBER WHEN SUBMITTING YOUR ONLINE MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT:

- You may access the Municipal Statistics login page by typing the following address in your web browser: [munstats.pa.gov/forms/](http://munstats.pa.gov/forms/)
- Once you are logged in, access to the *2016 Municipal Annual Audit and Financial Report* is obtained by clicking the link on your “Start Page” under “Your Pending Tasks”, titled 2016 Annual Financial Report. Please note that links for this form will not be available until *after* January 1, 2017.
- You must check the certification box at the final review step and then click the confirm button to submit your online *Municipal Annual Audit and Financial Report* form to DCED. Simply clicking “save and exit” will not complete your submission.
- This form is due April 1<sup>st</sup> of each year for Boroughs and Townships. For Cities, the due date is March 1<sup>st</sup>.

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### E-FILING INSTRUCTIONS

#### Registered E-filers

If you have already registered to e-file with DCED, please go to [munstats.pa.gov/forms/](http://munstats.pa.gov/forms/) and enter your existing username and password, and click “Log In.”

#### New E-filers

Those who are e-filing for the first time must complete a registration form by going to: [munstats.pa.gov/forms/](http://munstats.pa.gov/forms/) Click the “Register” button in the lower left corner of the *Log in to Municipal Statistics* box. Once the online registration form is completed, it must be signed by the appropriate municipal official. For your convenience and quick approval, you may fax the completed authorization form to us at 717-783-1402. During the registration process you can now set up your own password. The password you choose must be at least eight characters in length with at least one upper case character, one lower case character, and one number. You will not be able to use this password until DCED receives your completed *E-filer Authorization Form* and activates your e-filing privileges in the Municipal Statistics System. When logging in to the Municipal Statistics System, always make sure you are entering your user name and password in the *Log in to Municipal Statistics* box to e-file your information.

#### An existing PA Powerport user with username and password

If you have not registered with DCED, but have a PA Powerport username and password from other online state systems, you will use it for DCED by registering on-line at: [munstats.pa.gov/forms/](http://munstats.pa.gov/forms/) Click the “Log in” button in the lower right corner of the *Log in to Municipal Statistics* page, after entering your PA Powerport username and password. You will automatically be directed to the registration page. Please follow the directions for “**New E-Filers**” above.

### **Existing Municipal Statistics Log-In Users**

If you have not accessed the Municipal Statistics System Login site in the past 60 days, you will need to change your password before logging in. You can do this by clicking the link, "[Forgot your user name or password?](#)" in the *Log in to Municipal Statistics* box and following the prompts. Once you have created a new password in the *Security* section of the online form, be sure to click the *Submit* button at the bottom (do not hit the *Enter* key on your computer keyboard). You will receive an e-mail with your user name and a system generated, password. Please make sure that you return to the *Log in to Municipal Statistics* box to log in and e-file your DCED forms.

**Please Note** - In order to function correctly, the Municipal Statistics website requires the following:

- Microsoft Internet Explorer 9 or later (also compatible with Google Chrome web browser)
- You may e-file from any computer with Internet Explorer.

### **GENERAL INFORMATION**

All municipalities are required to e-file the DCED 2016 *Municipal Annual Audit and Financial Report*. In order to e-file, you must have an authorized user name and password. If you are not currently registered to e-file, please refer to the section titled "E-FILING INSTRUCTIONS" on this tip sheet. You may also contact the Governor's Center for Local Government Services, toll-free at 888-223-6837 for registration and online filing assistance. Paper copies of the form may be used as worksheets and can be found at: <http://dced.pa.gov/local-government/municipal-statistics/> Click on "*Audit Worksheets*". Please note that DCED will no longer accept a paper copy of the Audit.

**Rounding** – all figures are automatically rounded to the nearest whole dollar.

**Footing & Cross-Footing** – the system will add all rows and columns, following basic accounting principles.

#### **Navigating the online form:**

- The online *Municipal Annual Audit and Financial Report* is divided into 6 steps, which must be completed in order.
- After entering the data on a screen, click "Next" at the bottom of the page.
- You may click "Save & Exit" at the bottom of the page, at any point, to save the data you've entered and exit the form. The "Save" button at the bottom of the page will allow you to save data without exiting the form.

### **BALANCE SHEET (CASH BASIS OF ACCOUNTING ONLY)**

**Cash and Investments** - The **ending cash balances** as recorded **in your ledger for all funds** (this includes checking, savings and investments) **as of December 31 should be entered on line 100-120** (Cash and Investments). Do **not** use opening balances for the reporting year. To calculate: take the ending cash balance of each fund as recorded on the previous year's Balance Sheet. Add the current reporting year's revenues minus the expenditures. This should equal the ending cash balance for the current reporting year. If this calculation does not work due to a year-end adjustment, please provide an explanation by clicking the *E-filer Notes* tab at the bottom of the screen.

**Payroll Taxes** - The only **payroll taxes** that should be listed in the "Liabilities and Other Credits" section of the Balance Sheet should be those **that were outstanding (unpaid) as of December 31 of the current reporting year**. Total payroll taxes for the current reporting year should be entered on line **481.00** (Employer Paid Withholding Taxes and Unemployment Compensation).

**Total Fund & Account Group Equity** - The information on this line is calculated as follows: Total Assets and Other Debits minus Total Liabilities and Other Credits equals Total Fund and Account Group Equity.

## REVENUES

**Taxes** - The tax revenue reported is compared to the tax types listed on the Tax Information Form for the same reporting year. For example: If your municipality indicated on the Tax Information Form that it collects Real Estate, Earned Income and Per Capita taxes, then the Report should reflect revenue for those taxes. If a portion of the Real Estate tax (**by ordinance or resolution, not just a budgeted amount as a specific line item**) is designated for a special purpose, then that portion of the **Real Estate tax revenue** must be reported on line **301.00** (Real Estate Taxes) in the Special Revenue fund, Capital Projects fund or Debt Service fund, as applicable. For example: If your municipality levies a special purpose library tax, that portion of the real estate tax revenue designated for libraries should be reported in the Special Revenue column, line 301.00 (Real Estate Taxes). A special purpose tax for debt payment should be recorded in the Debt Service fund. A special purpose tax for permanent improvement should be recorded in the Capital Projects fund.

All delinquent taxes must be reported along with the appropriate tax. If you report either street light or fire hydrant revenue under Tax Revenues and they are actually **assessments (charges which are not uniformly levied across your municipality)**, please move them to line **383.00** (Assessments).

If your municipality levies an **Occupation tax** under Borough Code 1302, 1st Class Township Code 1709 or 3rd Class City Code 2531, this revenue should be reported on line **305.00** (Occupation Taxes Levied Under Municipal Code), **not** line 310.40 (Occupation Taxes Levied Under Act 511).

**Interest Earnings** - Please make sure any **interest received** is reported for each fund under line **341.00** (Interest Earnings).

If your municipality reports a **loss** on line 341.00, please enter that amount on line **482.00** (Judgments and Losses) on the expenditure side of the Report.

**PURTA** - Public Utility Realty Tax should be reported on line **355.01** (Public Utility Realty Tax). It should **not** be reported on line 389.00 (All Other Unclassified Operating Revenues). The exact amount reported is verified with PURTA's disbursement list.

**Liquid Fuels & State Road Turnback Monies** - Liquid Fuels and Road Turnback revenues received from PennDOT should be combined and reported on line **355.02-355.03** (Motor Vehicle Fuel Tax and State Road Turnback) **in the Special Revenue fund**. It should **not** be reported on line 354.03 (Highways and Streets). Any County Liquid Fuels revenues should be reported on line 357.03. The exact amount reported is verified with PennDOT's disbursement list.

**Foreign Fire Insurance Tax Distribution** - If your municipality receives a Foreign Fire Insurance Tax Distribution from the State, this should be reported on line **355.07** (Foreign Fire Insurance Tax Distribution) in the General Fund. The exact amount reported is verified with the Auditor General's disbursement list.

**Local Share Assessment/Gaming Proceeds** - If your municipality receives a local share assessment and/or gaming proceeds under Act 1 of 2010, these should be reported on line **355.08** (Local Share Assessment/Gaming Proceeds). Expenditures related to this revenue line item should be reported on the appropriate expenditure lines.

**Marcellus Shale Impact Fee Distribution** – If your municipality receives an impact fee distribution from the PUC for “unconventional gas wells” as defined in Act 13 of 2012, these should be reported on line **355.09** (Marcellus Shale Impact Fee Distribution). Expenditures related to this revenue line item should be reported on the appropriate expenditure lines. The exact amount reported is verified with PUC's disbursement list.

**Assessments** - Line **383.00** (Assessments) has been expanded to capture **all** assessments, including street light and fire hydrant assessments. It also includes charges against properties benefited by public works improvements, such as sidewalks, street improvements and water or sewer line extensions.

**All Other Unclassified Operating Revenues** - In order to improve the accuracy of your financial data, line **389.00** (All Other Unclassified Operating Revenues) should be as close to zero as possible. **The system will not allow an amount on line 389.00 that is greater than 1% of the total revenue within that fund.** Please refer to the Chart of

Accounts if you require additional information on where to report revenues. If you need additional help in determining where to report these amounts, please contact us.

**Proceeds of General Long-Term Debt & Proceeds of Short-Term Debt** - For cash basis municipalities and municipalities following GASB 34 for non-proprietary funds: If a loan, bond or note is taken out in the current reporting year, the revenue must be reported on line **393.00** (Proceeds of General Long-Term Debt) and/or line **394.00** (Proceeds of Short-Term Debt), as well as being reported on the Debt Statement.

## **EXPENDITURES**

**Planning and Zoning** - Expenditures for **Sewage Enforcement Officers** are to be reported on line **429.00** (Wastewater/Sewage Collection & Treatment). Expenditures for **Code Enforcement Officers** are to be reported on line **413.00** (UCC and Code Enforcement). Do not report these expenditures on line 414.00 (Planning and Zoning).

**All Other Unclassified Expenditures** - In order to improve the accuracy of your financial data, line **489.00** (All Other Unclassified Operating Expenditures) should be as close to zero as possible. **The system will not allow an amount on line 489.00 that is greater than 1% of the total expenditures within that fund.** Please refer to the Chart of Accounts if you require additional information on where to report expenditures. If you need additional help in determining where to report these amounts, please contact us.

## **COMPARISON OF REVENUES, EXPENDITURES & OTHER INFORMATION**

**Debt Principal & Debt Statement** - For cash basis municipalities and municipalities following GASB 34 for non-proprietary funds: If you have expenditures reported on line 471.00 (Debt Principal), the Debt Statement must be completed. **The total amount of the ‘Principal Paid This Year’ column of the Debt Statement should equal the total of line 471.00 (Debt Principal).** The reverse is true as well- GCLGS will verify that the total of the ‘Principal Paid This Year’ column on the Debt Statement matches the total on line **471.00 (Debt Principal)**. Do not report **interest paid** on the Debt Statement. It should be reported on line **472.00**.

**Interfund Operating Transfers** - The total of line 392.00 (Interfund Operating Transfers) must equal the total of line 492.00 (Interfund Operating Transfers). These lines show the movement of money from one fund to another. **When the money is moved out of one fund it should be reported on line 492.00 as an expenditure from that fund and that same amount reported on line 392.00 as a revenue under the fund into which it was deposited.** Several transfers of money can happen during one reporting year, but each must be indicated appropriately as both a revenue and expenditure. Transfers within the same fund (i.e. from checking to savings) should not be reported.

**Matched Items** - GCLGS compares the following revenue and expenditure line items. Typically there will be an amount under both the revenue and the expenditure side of the audit (but not necessarily identical amounts). However, if an item is listed as only a revenue or an expenditure, please note the reason by clicking the *E-filer Notes* tab at the bottom of the screen.

- Foreign Fire Insurance Tax Distribution (355.07 & 411.00)
- Public Safety (362.00 & 410.00-419.00)
- Parking (363.20 & 445.00)
- Wastewater/Sewage (364.10 & 429.00)
- Solid Waste Collection/Trash (364.30 & 426.00/427.00)
- Health/Human Services (365.00/366.00 & 420.00-425.00)
- Culture and Recreation (367.00 & 451.00-459.00)
- Airports (368.00 & 440.00)
- Cemeteries (370.00 & 441.00)
- Electric System (372.00 & 442.00)
- Gas System (373.00 & 443.00)
- Housing System (374.00 & 462.00)
- Markets (375.00 & 464.00)

- Transit Systems (377.00 & 447.00)
- Water System (378.00 & 448.00)

## PENSION REPORTING

Please review the following chart before submitting your Report:

### **General Fund:**

This fund shows the pension activity at the municipal level. It includes pension money received from the State, which flows through your General Fund.

355.05	Act 205 State disbursed pension revenue. i.e. – Act 147 (Ad-Hoc), Act 205, Act 64
483.00	Outgoing transfer to the financial institution that manages your pension fund. This amount includes the State pension revenue as well as any additional employer/employee contributions to the pension plan.  As an alternative to using line 483.00, a municipality may show the pension expense under the appropriate employee account (police, fire, administrative staff, etc.).

### **Fiduciary Fund (Trust & Agency)\*:**

This fund shows the pension activity by the financial institution that manages your pension fund. This data is obtained from the annual financial statement provided to your municipality by that institution.

388.00	Incoming pension revenue from all sources received by the financial institution. i.e. – State pension revenue from the municipality’s General Fund (reported on line 355.05), plus any additional employer/employee contributions to the pension fund.
341.00	Any kind of investment gain
482.00	Any kind of investment loss
488.00	Pension payout to retirees, including refunds to former employees
489.00	Pension fund management fees & miscellaneous expenses/deductions

\*The year-end balance (value) of the pension fund should be shown in the Fiduciary Fund (Trust & Agency) on line 100-120 of the Balance Sheet.

## FINAL REVIEW STEP

**\*\*Special Notice\*\*** – If elected auditors performed the audit, you must first place a check mark in the box in Section 1 of *Final Review* page in step 6, 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 when submitting online (i.e.: Do not select the “Appointed Auditor/CPA” title).

**Call with Questions** – Feel free to call the Governor’s Center for Local Government Services (GCLGS) toll-free at 888-223-6837 if you have any questions when completing the *Municipal Annual Audit and Financial Report*.