



RAGER, LEHMAN & HOUCK, P.C.  
*Opportunity Innovation Excellence*

## INDEPENDENT AUDITORS' REPORT

February 16, 2015

Penn Township Board of Commissioners  
Penn Township, York County, Pennsylvania  
Hanover, Pennsylvania

We have audited the accompanying 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of and for the year ended December 31, 2014.

### ***Management's Responsibility for the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30)***

Management is responsible for the preparation and fair presentation of the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) in accordance with the Pennsylvania Department of Community and Economic Development statutory reporting requirements, under the provisions of the First Class Township Code, in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) 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 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30). The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30), 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 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) 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 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30).

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***

The 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) was prepared on the basis of the financial reporting provisions of Pennsylvania Department of Community and Economic Development statutory reporting requirements, under provisions of the First Class Township Code, in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently revenues are recorded when received, and expenditures are recorded when paid. The cash basis of accounting is modified for the recording of the following: general obligation bonds, notes, and lease rental long-term debt arising from cash transactions, and investments in marketable securities at the current fair value, by recording adjustments from changes in fair value of investments. The 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) is not intended to be a complete presentation of Penn Township, York County, Pennsylvania's financial statements, notes to financial statements, and required supplementary information as required by the Governmental Accounting Standards Board (GASB). The effects on the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of the variances between the modified cash 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 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Penn Township, York County, Pennsylvania as of December 31, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

***Opinion on Modified Cash Basis of Accounting***

In our opinion, the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) referred to above presents fairly, in all material respects, the respective balance sheet of the General, Special Revenue, Capital Projects, Enterprise, and Trust and Agency Funds and General Long Term Debt Account Group reported in the 2014 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of December 31, 2014, and the respective statement of revenues and expenditures, debt statement, statement of capital expenditures, and employee compensation for the year then ended, in accordance with the provisions of the statutory reporting requirements referred to above.

*Rager, Lehman & Houck, P.C.*

Hanover, Pennsylvania

**2014 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**671414 PENN TWP, YORK COUNTY**



## PENN TWP, YORK County

## BALANCE SHEET

December 31, 2014

		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									18,187,428	18,187,428
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		47,023								18,187,428	18,234,451

<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	1,337,559	5,776,336	8,827,453		2,440,035		9,770,286			28,151,669
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		1,337,559	5,776,336	8,827,453		2,440,035		9,770,286			28,151,669

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											46,386,120
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PENN TWP, YORK County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

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	4,101,311						4,101,311
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	217,081						217,081
310.20	Earned Income Taxes / Wage Taxes	1,693,239						1,693,239
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	425,010						425,010
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>		6,436,641						6,436,641

**Licenses and Permits**

320-322	All Other Licenses and Permits	15,205						15,205
321.80	Cable Television Franchise Fees	205,626						205,626
<b>Total Licenses and Permits</b>		220,831						220,831

**Fines and Forfeits**

330-332	Fines and Forfeits	128,004						128,004
<b>Total Fines and Forfeits</b>		128,004						128,004



PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

### REVENUES

State								
355.09	Marcellus Shale Impact Fee Distribution							
355.00	All Other State Shared Revenues and Entitlements	8,709						8,709
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		601,465	373,497	197,037				1,171,999

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	62,222						62,222
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>		62,222						62,222

Charges for Service								
361.00	General Government	78,853						78,853
362.00	Public Safety	145,090						145,090
363.20	Parking							
363.00	All Other Charges for Highway & Street Services			14,250				14,250
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				4,321,814			4,321,814
364.30	Solid Waste Collection and Disposal Charge (trash)	791,842						791,842
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	12,055						12,055

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

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			25,555		73,777		99,332
<b>Total Charges for Service</b>		1,027,840		39,805		4,395,591		5,463,236

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		23,794					23,794
388.00	Fiduciary Fund Pension Contributions						839,934	839,934
389.00	All Other Unclassified Operating Revenues	10,697				21,855		32,552
<b>Total Unclassified Operating Revenues</b>		10,697	23,794			21,855	839,934	896,280

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	11,450		25,100				36,550
392.00	Interfund Operating Transfers	182,440		171,462				353,902
393.00	Proceeds of General Long-Term Debt			2,000,000				2,000,000
394.00	Proceeds of Short Term-Debt							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

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	235,160				2,363		237,523
<b>Total Other Financing Sources</b>		429,050		2,196,562		2,363		2,627,975

<b>TOTAL REVENUES</b>	8,960,163	416,408	2,440,155		4,697,230		1,349,605	17,863,561
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### EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	22,202						22,202
401.00	Executive (Manager or Mayor)	358,950						358,950
402.00	Auditing Services / Financial Administration	12,120						12,120
403.00	Tax Collection	21,282						21,282
404.00	Solicitor / Legal Services	7,371						7,371
405.00	Secretary / Clerk							
406.00	Other General Government Administration	11,927						11,927
407.00	IT-Networking Services-Data Processing			126,221				126,221
408.00	Engineering Services	193,953						193,953
409.00	General Government Buildings and Plant	35,024		41,946				76,970
<b>Total General Government</b>		662,829		168,167				830,996

Public Safety								
410.00	Police	3,739,062	1,067					3,740,129
411.00	Fire	1,984,339						1,984,339
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	6,857						6,857
414.00	Planning and Zoning	169,624						169,624
415.00	Emergency Management and Communications	1,290						1,290

PENN TWP, YORK County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2014

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	1,400						1,400
<b>Total Public Safety</b>		5,902,572	1,067					5,903,639

Health and Human Services								
420.00-425.00	Health and Human Services	10,608						10,608
<b>Total Health and Human Services</b>		10,608						10,608

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	960,321	451,923					1,412,244
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection		282,312		3,251,330			3,533,642
<b>Total Public Works - Sanitation</b>		960,321	734,235		3,251,330			4,945,886

Public Works - Highways and Streets								
430.00	General Services - Administration	774,377						774,377
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		91,117					91,117
433.00	Traffic Control Devices		30,483	14,480				44,963
434.00	Street Lighting		59,303					59,303
435.00	Sidewalks and Crosswalks		5,772					5,772
436.00	Storm Sewers and Drains		9,223					9,223

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

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>Public Works - Highways and Streets</b>								
437.00	Repairs of Tools and Machinery	76,777						76,777
438.00	Maintenance and Repairs of Roads and Bridges	199,837	3,352					203,189
439.00	Highway Construction and Rebuilding Projects		277,151	91,675				368,826
<b>Total Public Works - Highways and Streets</b>		1,050,991	476,401	106,155				1,633,547

<b>Other Public Works Enterprises</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 Other Public Works Enterprises</b>								

<b>Culture and Recreation</b>								
451.00	Culture-Recreation Administration	62,514						62,514
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks							
455.00	Shade Trees							
456.00	Libraries	65,000						65,000

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

### EXPENDITURES

Culture and Recreation								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		127,514						127,514

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	18,000						18,000
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>		18,000						18,000

Debt Service								
471.00	Debt Principal (short-term and long-term)	406,609			725,000			1,131,609
472.00	Debt Interest (short-term and long-term)	53,384			853,345			906,729
475.00	Fiscal Agent Fees		9,593					9,593
<b>Total Debt Service</b>		459,993	9,593		1,578,345			2,047,931

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation							
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	10,448			59,667			70,115
484.00	Worker Compensation Insurance							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2014

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>		10,448				59,667		70,115

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

<b>Unclassified Operating Expenditures</b>								
488.00	Fiduciary Fund Benefits and Refunds Paid						411,062	411,062
489.00	All Other Unclassified Expenditures						42,527	42,527
<b>Total Unclassified Operating Expenditures</b>							453,589	453,589

<b>Other Financing Uses</b>								
491.00	Refund of Prior Year Revenues	1,687				7,996		9,683
492.00	Interfund Operating Transfers	171,462	15,062	67,378		100,000		353,902
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		173,149	15,062	67,378		107,996		363,585

<b>TOTAL EXPENDITURES</b>	9,376,425	492,530	1,085,528		4,997,338		453,589	16,405,410
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	-416,262	-76,122	1,354,627		-300,108		896,016	1,458,151
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**PENN TWP**  
December 31, 2014

**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>											
PA Infrastructure Bank Loan 2012	Note	2012	2023	700,000	634,987	0	66,074		568,913		568,913
GON Series 2006	Note	2006	2016	1,500,000	517,127	0	166,626		350,501		350,501
GOB Series 2009	Bond	2009	2030	18,190,000	16,080,000	0	725,000		15,355,000		15,355,000
Construction Fund Loan 2014	Note	2014	2024	2,000,000	0	2,000,000	86,986		1,913,014		1,913,014
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
Monarch Fire Rescue Pumper 2008	Capital Leases	2008	2014	565,595	86,923	0	86,923		0		0
<b>Other</b>											

(1) - excludes unamortized premium/discount

**Total bonds and notes outstanding** 18,187,428

**Capitalized lease obligations** 0

**Net debt** 18,187,428

PENN TWP, YORK County  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2014

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire	24,827		24,827
Gas System			
General Government	128,137	42,230	170,367
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	82,606		82,606
Recreation			
Sewer	65,359	839,118	904,477
Solid Waste		529,104	529,104
Streets / Highways	50,643	550,302	600,945
Water			
Other: _____			
Community Development			
<b>TOTAL CAPITAL EXPENDITURES</b>	351,572	1,960,754	2,312,326

**EMPLOYEE COMPENSATION**

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

4,502,515

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**Independent Public Accountant/Certified Public Accountant Submission Page**  
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**SIGNATURE AND VERIFICATION**

Signed: Rager, Lehman & Houck, Appointed Auditor/CPA  
P.C.

PENN TWP, YORK County  
December 31, 2014

**NOTES / COMMENTS**