



## INDEPENDENT AUDITORS' REPORT

February 4, 2016

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

We have audited the accompanying 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of and for the year ended December 31, 2015.

### **Management's Responsibility for the 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30)**

Management is responsible for the preparation and fair presentation of the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30) was prepared by Penn Township, York County, Pennsylvania, 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 2015 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 2015 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 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30) 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, 2015, or 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 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30) 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 2015 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Penn Township, York County, Pennsylvania as of December 31, 2015, 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.

*RLH CPAs & Business Advisors, LLC*

Hanover, Pennsylvania

**2015 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**671414 PENN TWP, YORK COUNTY**



## PENN TWP, YORK County

## BALANCE SHEET

December 31, 2015

		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									17,026,850	17,026,850
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		45,093								17,026,850	17,071,943
<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	1,916,001	5,919,388	8,253,211		2,349,642		10,071,803			28,510,045
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		1,916,001	5,919,388	8,253,211		2,349,642		10,071,803			28,510,045
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											45,581,988

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

December 31, 2015

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	4,461,654						4,461,654
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	55						55
310.10	Real Estate Transfer Taxes	604,470						604,470
310.20	Earned Income Taxes / Wage Taxes	1,780,544						1,780,544
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	449,344						449,344
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>		7,296,067						7,296,067

**Licenses and Permits**

320-322	All Other Licenses and Permits	15,320						15,320
321.80	Cable Television Franchise Fees	229,441						229,441
<b>Total Licenses and Permits</b>		244,761						244,761

**Fines and Forfeits**

330-332	Fines and Forfeits	118,306		19,462				137,768
<b>Total Fines and Forfeits</b>		118,306		19,462				137,768

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

December 31, 2015

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**

Interest, Rents and Royalties								
341.00	Interest Earnings		20,745	1,244				21,989
342.00	Rents and Royalties	43,110						43,110
<b>Total Interest, Rents and Royalties</b>		43,110	20,745	1,244				65,099

Federal								
351.03	Highways and Streets			175,315				175,315
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants				268,888			268,888
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
<b>Total Federal</b>				175,315	268,888			444,203

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101	133,259						133,259
354.00	All Other State Capital and Operating Grants	14,285						14,285
355.01	Public Utility Realty Tax (PURTA)	7,490						7,490
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		411,500					411,500
355.04	Alcoholic Beverage Licenses	3,350						3,350
355.05	General Municipal Pension System State Aid	415,608						415,608
355.07	Foreign Fire Insurance Tax Distribution	30,210						30,210
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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								
356.00	State Payments in Lieu of Taxes							
355.00	All Other State Shared Revenues and Entitlements	8,541						8,541
<b>Total State</b>		612,743	411,500					1,024,243

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	58,478						58,478
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>		58,478						58,478

Charges for Service								
361.00	General Government	80,459						80,459
362.00	Public Safety	389,894						389,894
363.20	Parking							
363.00	All Other Charges for Highway & Street Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				4,319,745			4,319,745
364.30	Solid Waste Collection and Disposal Charge (trash)	840,313						840,313
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	9,325						9,325
368.00	Airports							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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								
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	2,195			13,540			15,735
<b>Total Charges for Service</b>		1,322,186			4,333,285			5,655,471

Unclassified Operating Revenues								
383.00	Special Assessments	44						44
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		34,211	110,000				144,211
388.00	Fiduciary Fund Pension Contributions					899,641		899,641
389.00	All Other Unclassified Operating Revenues	23,826			18,918			42,744
<b>Total Unclassified Operating Revenues</b>		23,870	34,211	110,000	18,918	899,641		1,086,640

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	41,359		150,000				191,359
392.00	Interfund Operating Transfers	100,000	182,362	362,335	650,000			1,294,697
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	26,362				858		27,220
<b>Total Other Financing Sources</b>		167,721	182,362	512,335		650,858		1,513,276

### TOTAL REVENUES

9,887,242	648,818	818,356		5,271,949		899,641	17,526,006
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### EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	22,943						22,943
401.00	Executive (Manager or Mayor)	373,113						373,113
402.00	Auditing Services / Financial Administration	15,231						15,231
403.00	Tax Collection	15,515						15,515
404.00	Solicitor / Legal Services	20,346						20,346
405.00	Secretary / Clerk							
406.00	Other General Government Administration							
407.00	IT-Networking Services-Data Processing			31,111				31,111
408.00	Engineering Services	187,064						187,064
409.00	General Government Buildings and Plant	32,400		62,514				94,914
<b>Total General Government</b>		666,612		93,625				760,237

### Public Safety

410.00	Police	3,735,948	1,994					3,737,942
411.00	Fire	2,146,380						2,146,380
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement	6,702						6,702

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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

414.00	Planning and Zoning	165,678						165,678
415.00	Emergency Management and Communications	2,949						2,949
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>		6,059,057	1,994					6,061,051

#### Health and Human Services

420.00-425.00	Health and Human Services	10,495						10,495
<b>Total Health and Human Services</b>		10,495						10,495

#### Public Works - Sanitation

426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	926,785	19,911					946,696
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection		156,948		3,582,676			3,739,624
<b>Total Public Works - Sanitation</b>		926,785	176,859		3,582,676			4,686,320

#### Public Works - Highways and Streets

430.00	General Services - Administration	638,886						638,886
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		73,162	17,500				90,662
433.00	Traffic Control Devices		33,401					33,401
434.00	Street Lighting		70,680					70,680

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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								
435.00	Sidewalks and Crosswalks		5,027					5,027
436.00	Storm Sewers and Drains	69,770	114,663	26,133				210,566
437.00	Repairs of Tools and Machinery	59,744						59,744
438.00	Maintenance and Repairs of Roads and Bridges		19,877					19,877
439.00	Highway Construction and Rebuilding Projects		14,114	283,746				297,860
<b>Total Public Works - Highways and Streets</b>		768,400	330,924	327,379				1,426,703

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	50,326						50,326
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks							

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

December 31, 2015

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>								
455.00	Shade Trees							
456.00	Libraries	65,000						65,000
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>		115,326						115,326

<b>Community Development</b>								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	27,000						27,000
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>		27,000						27,000

<b>Debt Service</b>								
471.00	Debt Principal (short-term and long-term)	415,578			745,000			1,160,578
472.00	Debt Interest (short-term and long-term)	69,811			828,749			898,560
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		485,389			1,573,749			2,059,138

<b>Employer Paid Benefits and Withholding Items</b>								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	2,550						2,550
482.00	Judgments and Losses						108,958	108,958
483.00	Pension / Retirement Fund Contributions	8,948			77,420			86,368

PENN TWP, YORK County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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

**EXPENDITURES**

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
<b>Total Employer Paid Benefits and Withholding Items</b>		11,498				77,420		108,958
								197,876

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

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							444,578
489.00	All Other Unclassified Expenditures	5,509						44,588
<b>Total Unclassified Operating Expenditures</b>		5,509						489,166
								494,675

Other Financing Uses								
491.00	Refund of Prior Year Revenues	5,615				28,497		
492.00	Interfund Operating Transfers	227,114	172,848	794,735		100,000		
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		232,729	172,848	794,735		128,497		
								1,328,809

<b>TOTAL EXPENDITURES</b>	9,308,800	505,766	1,392,598			5,362,342		598,124	17,167,630
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	578,442	143,052	-574,242			-90,393		301,517	358,376
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**PENN TWP**  
December 31, 2015

**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	568,913		67,152		501,761		501,761
GON Series 2006	Note	2006	2016	1,500,000	350,501		170,599		179,902		179,902
GOB Series 2009	Bond	2009	2030	18,190,000	15,355,000		745,000		14,610,000		14,610,000
Construction Fund Loan 2014	Note	2014	2024	2,000,000	1,913,014		177,827		1,735,187		1,735,187
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	17,026,850
<b>Capitalized lease obligations</b>	0
<b>Net debt</b>	17,026,850

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

December 31, 2015

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	7,420		7,420
Gas System			
General Government		62,514	62,514
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	75,277		75,277
Recreation			
Sewer	537,102	281,875	818,977
Solid Waste		19,911	19,911
Streets / Highways	31,614	484,371	515,985
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	651,413	848,671	1,500,084

**EMPLOYEE COMPENSATION**

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

4,622,645

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**Independent Public Accountant/Certified Public Accountant Submission Page**  
**Opinion page was provided in lieu of signature page.**

**SIGNATURE AND VERIFICATION**

Signed: RLH CPAs & Business  
Advisors, LLC Appointed Auditor/CPA

December 31, 2015

**NOTES / COMMENTS**